

Department of Administration -- Mark Wahl, Administrator, Division of Technology Management and Alison Poe, Director, Bureau of Justice Information Systems

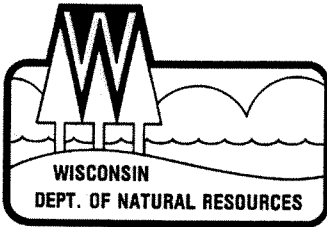
This item was submitted to the Committee for review on June 7, 1996; the committee chose to schedule it for review at the July 10 meeting under s. 13.10.

The Department of Administration requests an increase in expenditure authority of \$2,243,000 PR and an increase in position authority of 4.5 FTE positions in fiscal years 1996-97 in the Supervision and Management, Justice information systems program revenue annual appropriation under s. 20.505(1)(ja) to provide the core resources to meet the immediate operational and planning needs of the new Bureau of Justice Information Systems in the Division of Technology Management.

Governor's Recommendation

Approve the request.

*Sen. Burke*



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Tommy G. Thompson, Governor  
George E. Meyer, Secretary

PO Box 7921  
101 South Webster Street  
Madison, Wisconsin 53707-7921  
TELEPHONE 608-266-2621  
FAX 608-267-3579  
TDD 608-267-6897

December 12, 1996

MEMBERS OF THE JOINT COMMITTEE ON FINANCE

SUBJECT: Plover to Scandinavia Trail

Dear Committee Members:

I know over the past few weeks you have received many comments regarding the funding of the Plover to Scandinavia Trail - some negative and some positive. I know you have probably gotten comments regarding potential "trespass." I wanted to let you know of our history on these trail projects.

Since 1965 with the establishment of the Elroy to Sparta State Trail we have been in the business of rescuing abandoned and discontinued rail grades and turning them into recreational trails. Wisconsin is a recognized national leader in this endeavor, and as you can see from the enclosed publication from the Department of Tourism, recreational trails are a vital component of Wisconsin's tourism economy. We now have 26 authorized rail trails, which will eventually encompass well over 900 miles. We operate some of the trails, and some are partnership efforts, operated by counties, as will be the Plover to Scandinavia.

With thirty-one years of rail-trails in Wisconsin, and 26 projects, I have never seen one letter of complaint, or heard of any incidents, involving trail users trespassing onto adjacent private lands. It has just not been a problem. For that matter, I can't remember the last time I was made aware of any complaints of any kind from the neighbors of our State Trails. To the contrary, the trails once established are popular and important assets of the communities they serve.

You can also be assured that we will continue to land-bank the portion of the grade in Waupaca County until and if the Waupaca County Board, by formal resolution, approves a trail project on that portion.

I encourage you to approve the funding for this trail. Thank you for your consideration. If you have any questions I may be reached at 266-2185.

Sincerely,

David L. Weizenicker, Director  
Bureau of Parks and Recreation

cc: Paul Heinen - AD/5  
Stan Druckenmiller - AD/5  
George Meyer - AD/5



## **Legislative Fiscal Bureau**

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 16, 1996

**TO:** Members  
Joint Committee on Finance

**FROM:** Bob Lang, Director

**SUBJECT:** Natural Resources--Stewardship Program Purchase of Railway Right-of-Way--  
Agenda Item V

### **REQUEST**

The Department of Natural Resources (DNR) requests approval to purchase approximately 19.5 miles of railroad right-of-way from Fox Valley & Western Ltd. from Plover to Scandinavia in Portage and Waupaca Counties at a price of \$257,725.

### **BACKGROUND**

#### **Stewardship and Rails-To-Trails**

The stewardship program was created in 1989 Act 31 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The Legislature has authorized \$231 million in general obligation bonding for this purpose over a 10-year period, ending in fiscal year 1999-2000. The law allocates funding among twelve categories of land acquisition and development programs. Under the general land acquisition component of the stewardship fund, \$6.7 million annually is authorized for the acquisition of parks, forests, hunting grounds, and recreational areas.

Under the National Trails System Act, 16 U.S.C. 1247(d), the federal government encourages states to establish trails as an interim use of railroad right-of-way that would otherwise be abandoned. Under 49 U.S.C. 10903-4, rail carriers must notify the federal Surface Transportation Board (STB) of their intent to abandon any part of its railroad lines and

discontinue operation on the lines, with some exceptions based on the scope of the abandonment. (Prior to January 1, 1996, this process was the responsibility of the Interstate Commerce Commission (ICC). After that date, those duties moved to the STB.)

In the 1960s, Wisconsin acquired the Elroy-Sparta trail and began acquiring other railroad right-of-ways and establishing recreational trails. The state currently owns approximately 700 miles of such trails statewide.

### **Plover to Scandinavia Purchase**

The proposed land purchase involves 208.39 acres in Portage and Waupaca Counties. Of that total, 205.45 acres would be state owned and 2.94 acres would be an easement. The proposed purchase is primarily a narrow 19.5-mile strip of former railroad grade. The purchase involves approximately 15.5 miles of grade in Portage County and approximately four miles in Waupaca County.

The negotiated purchase price of the entire parcel of land is \$257,725. DNR also anticipates purchasing land for two parking areas on the trail in Portage County at a cost of \$90,000, with the county responsible for development costs, with possible assistance through state and federal grants. DNR would also have to pay aids in lieu of property taxes on the land to the local governments, at an estimated cost of \$9,000 annually. (Currently, railroads do not pay property taxes to any locality through which a line runs.) DNR will also undertake required surveys of the federally-endangered Karner blue butterfly and recommended surveys of prairie remnants as part of their regular inventory workload.

DNR will be responsible for providing the right-of-way for a continuous public recreation trail from Plover to the Portage County line. DNR would enter into a memorandum of agreement (MOA) with Portage County under which the county will develop, maintain, and operate the trail. An acreage goal of 250 acres has been set for the trail to be developed only in Portage County to accommodate the land purchase as well as parking areas and rest areas along the trail.

The MOA will require Portage County to develop a master plan for the trail, which must then be approved by the Natural Resources Board. In the plan, the County can recommend various recreational uses of the trail that may include hiking, bicycling, snowmobiling, horseback riding, ATVs, cross-country skiing and other recreational uses.

The proposed trail would connect the 24-mile Green Circle Trail located in the metropolitan areas of Stevens Point, Whiting, and Plover with the towns of Arnott and Amherst Junction as well as two Portage County parks.

DNR will land bank the Waupaca County portion of the proposed purchase. Without approval from the County Board, DNR indicates they would not develop or allow others to develop any trail on that portion of the land. DNR would hold the land for future trail

development or until it is determined that it is no longer needed. The land would still be under DNR ownership and DNR would maintain responsibility for encroachments on the property.

### **Purchase History**

Fox Valley and Western Ltd. (FVW) notified the ICC of their intent to abandon the Plover to Scandinavia corridor in August of 1994. DNR submitted a statement of willingness to assume financial and operational responsibility for the trail in February of 1995. In a petition filed in April of 1995, the Wisconsin Department of Transportation (DOT) requested issuance of a notice of interim trail use on behalf of DNR to acquire and use the right-of-way for recreational trail purposes and rail banking under the National Trails System Act. Fox Valley and Western Ltd. sought approval for an expedited abandonment process under 49 U.S.C. 10505. This expedited process is granted if: (a) continued regulation of the rail was not necessary for national rail transportation policy, and either (b) the transaction or service is of limited scope, or (c) regulation is not necessary to protect shippers from abuse of market power.

The exemption was granted in June of 1995. DNR was given 180 days to negotiate a rail-banking agreement with FVW for the Plover to Scandinavia parcel of land. DNR made an initial offer to FVW within the 180-day time period. At the end of the 180 days, however, an agreement had not yet been reached, and DNR and FVW submitted a joint motion to the ICC for an extension of the time to reach an agreement to April 1, 1996. The ICC authorized the extension in December of 1995.

In January of 1996, 17 petitioners who owned land adjoining the Plover to Scandinavia railroad line filed a petition with the STB for administrative review of the December extension decision. The landowners alleged that ICC's jurisdiction over the line ended at the end of the 180-day negotiating period, that the extension had not been filed properly and that the line had to be abandoned since an interim trail use had not been negotiated by that time. STB denied the petition in March of 1996.

Also, in March of 1996, DNR and FVW filed a joint motion asking for a second extension in the negotiating period to July 15, 1996. In April, STB approved the motion. A purchase price of \$257,725 was agreed to in April of 1996. The Natural Resources Board approved the purchase at their September 1996 meeting by a 5-1 vote.

In May of 1996, the landowners filed suit in the United States Court of Appeals for the District of Columbia, asking for review of the March decision of the STB. The case was placed on the Court's schedule for oral argument, but the appeal was dismissed in November of 1996 at the request of the petitioners.

During the negotiations between DNR and the railroad for the purchase of the land, DNR contacted both counties to see if there was interest in a partnership to develop recreational trails. In Portage County, a public meeting was held in May of 1995 to provide citizens with information on the trail and to solicit public opinion. In June of 1995, the Parks Committee of

the County Board held a second hearing and voted 6-0 in support of the DNR purchase and a trail partnership. Later that same month, the County Board voted 21-5 in support of the purchase and the trail.

In Waupaca County, the Parks and Recreation Committee of the County Board contacted municipal governments regarding the proposed purchase and trail and held public informational meetings to gather input on the proposed purchase and trail. According to Waupaca County parks staff, in March and June of 1995, the Parks Committee voted on resolutions of interest which were supported with no opposing votes. In July of 1995, the County Board met to consider the purchase. Issues related to the county cost of developing and maintaining the proposed trail were raised and opposition to trail purchase and development was heard from some county landowners. At that meeting, the Board voted 13-11 to not enter into an agreement with DNR to develop and maintain a trail on the Waupaca County portion of the proposed purchase. In November, the County Board Chairman wrote a letter to the DNR stating that he believed there was no opposition expressed by the Board to the purchase of the entire right-of-way by DNR to maintain the corridor, providing Waupaca County had no financial commitment.

### **Joint Finance Review**

Under s. 23.0915(4) of the statutes, the Joint Committee on Finance reviews all stewardship purchases of more than \$250,000. DNR must notify the Co-chairpersons of the Committee in writing of the proposed expenditure. If the Co-chairpersons do not notify DNR within 14 working days after the department's notification that an objection has been made to the expenditure, DNR may make the purchase. If the Co-chairpersons receive an objection to the purchase, then the Committee must schedule a meeting to consider the purchase. DNR may then make the proposed expenditure only with Committee approval.

DNR notification of the purchase of land from Plover to Scandinavia was received by the Co-chairpersons on October 4, 1996. Notice of an objection was made on October 24, 1996.

### **ANALYSIS**

The funding for the Plover to Scandinavia corridor would come from the general land acquisition component of the stewardship fund. As of December 9, 1996, there was an unobligated balance of \$4.8 million available in the current fiscal year for land acquisition.

Based on past development costs for other recreational trails, DNR estimates that counties would have to pay between \$12,000 and \$16,000 per mile for initial development costs for a trail, such as surfacing, grading, fencing and gates. Using that figure as a guide, Portage County initially estimated the total cost of developing the trail would be approximately \$225,000, with maintenance and operations costs being absorbed into existing budgets and workloads. Waupaca

County estimated development costs would be \$50,000 with maintenance costs of \$400 to \$800 per year and law enforcement costs absorbed into existing budgets and workloads.

Portage County also assumes that at least one-half of their development costs can be funded with grants from the local park aids component of the state stewardship fund (awarded on a competitive basis) or federal Intermodal Surface Transportation Efficiency Act (ISTEA) grants. Waupaca County could apply for those same grant sources or utilize a friends group to help fund any future trail development. Portage County park staff indicated that they might not develop the trail without the expected support from grants.

A number of arguments have been raised by opponents of rails-to-trails purchases.

*Privacy, trespassing, and crime.* Some adjacent landowners have raised concerns that a recreational trail running near or through their land would infringe on their privacy, give trail users easy access for trespass on their land, allow for vandalism and theft of their property and lead to an increase in other crimes along the trail. However, the master plan can be negotiated to include the construction of fencing or shrubbery to separate the trail from private property with DNR or the developing county generally splitting the costs. Typically, on state trails, DNR would pay for fencing and the landowner would be responsible for installing and maintaining the fence. DNR program staff indicate that crime, littering, and trespassing by trail users has not been a significant problem along established trails.

*Crop spraying.* Opposition was raised, primarily by potato farmers in Portage County, with respect to overspray and drift when spraying their crops with pesticides while the trail is in use. Under administrative rule ATCP 29.15, pesticides must be applied properly to protect against overspray and drift. From a management standpoint, however, drift is still an issue. If the trail were open to snowmobiling and cross-country skiing, drift would not be an issue, given that no spraying is done in the winter. Spraying conflicts could arise with hiking, bicycling, or other activities conducted during the growing season. DNR program staff indicate that this could be dealt with as part of the master plan for the trail, for example by closing the trail to recreational use during certain times if needed to accommodate spraying. DNR officials indicate this has been done on one stretch of the Glacial Drumlin trail.

*Future abandonments in Waupaca County.* Some landowners to the east of Scandinavia in Waupaca County have expressed concerns that if the proposed trail is purchased, the railroad grades on their property will be subject to purchase in the future. DNR and DOT program staff indicate that the intention to abandon the Plover to Scandinavia grade does not necessarily mean that any adjoining grade will undergo abandonment proceedings in the future. DNR has indicated a willingness to enter into an agreement with Waupaca County to develop the four-mile trail that is part of this purchase if the opportunity presents itself in the future. They also indicated an interest in developing other trails in the county if the land should become available in the future. The rail line for this trail runs east from Scandinavia past several municipalities, including Ogdensburg, Manawa, New London, Seymour and into Green Bay. According to DNR program

staff, the railroad has not expressed any intention to abandon any other parts of the corridor between Scandinavia and Green Bay at this time.

*DNR ownership of land.* Another issue sometimes raised is the control of land in the state by DNR and other public entities at the expense of local property owners. As of July 1, 1996, DNR controlled 1,289,912 acres of state land, which represented 3.6% of the state's surface area (35.8 million acres). The number of acres under DNR control increased by 3.1% between July 1, 1994 and July 1, 1996. Overall public ownership of land by federal, state, and local governments for conservation and recreation purposes totals approximately 5.5 million acres or 15% of the state's land area.

Some property owners whose land abuts the railway argue that they should have the option to purchase the adjoining right-of-way for land a railroad intends to abandon. If any section of the corridor is abandoned, issues relating to the condition of titles would arise. Some titles to parcels of land acquired by the railroads assign the ownership to the railroad regardless of land use, which are known as fee simple titles. Other titles assign ownership to the railroad only as long as the land has not been abandoned by the railroad. Some parcels of land were acquired by the railroad by condemnation for railroad purposes only, which could raise legal questions of ownership.

If this purchase is not approved and the railroad formally abandons the property, the first right of acquisition along the corridor for transportation or recreational purposes would fall to DOT under Wisconsin statutes s. 85.09. DOT could exercise, assign, or release the first right of acquisition. If DOT wanted to exercise this right, they could acquire the remainder of the land by gift, purchase, or condemnation. DOT could also choose to assign the first right to another state agency, county, or municipality. Each of these entities could acquire land by the same methods. If DOT chose to release the land, the railroad would then be able to handle the remaining property as they saw fit. The railroad would not be obligated to sell land it owned in fee simple to adjacent property owners. DOT program staff estimate that between 85% and 90% of the land currently held by the railroad is in fee simple title. That is, an estimated 10% to 15% of the land could be subject to ownership claims by adjacent landowners.

*Previous easements and rights-of-way to cross the trail.* Adjoining property owners express a concern that the easements and rights-of-way that they had previously negotiated with the railroad may no longer be honored if the land is used as a trail. DNR officials state that previous easements obtained from the railroad would generally be honored. However, additional easements or consolidation of multiple crossings could also be negotiated as part of the planning process.

*Motorized uses of the trail.* Some adjacent landowners expressed concern that the trail could be open to snowmobiles and ATVs, to the detriment of both adjacent landowners and hikers, bicyclers and other non-motorized users of the trail because of noise and traffic concerns. DNR mandates only that state trails be open for hiking. No other use is mandated. Other uses for the Portage County trail will be determined as part of the master plan. If Waupaca County

were to enter into an agreement to develop a trail at sometime in the future, the uses of that trail would also be determined as part of master planning.

Proponents make a number of arguments in support of trails and of interim land-banking.

*Recreational value.* Trails provide a place for public recreation such as hiking, biking and other recreational activities. They also preserve public greenspace and often improve the aesthetic appearance of surrounding areas.

*Economic benefits of trails.* Proponents argue recreational trails often help the local economy by drawing tourists to the area who spend money on food, transportation, lodging, equipment and other goods and services. Studies of other recreational trails in Wisconsin indicate that a typical person may spend an average of \$10 to \$50 per day when visiting a trail.

*Preservation for future use.* State ownership of the rail corridor would preserve it for future public needs, whether for recreational purposes, utilities, or some other form of transportation. If the land were sold to individual buyers, future restoration of the corridor would likely be difficult.

In addition to approving or denying the entire purchase, it is possible that DNR could attempt to reopen negotiations on the purchase to try to acquire only the Portage County section of the corridor. This option would depend on the railroad's willingness to renegotiate. If DNR does not make the entire purchase and the railroad is willing to renegotiate to allow DNR to purchase only the Portage county section, DOT legal staff indicate that DNR would have to request another extension for negotiation from the STB. If the STB grants the extension, a purchase price for only the Portage county section could be negotiated. Given that the railroad has removed the ties and rails from the Plover to Scandinavia corridor, it is likely the Waupaca County portion would be abandoned under this scenario, unless a local governmental unit decided to take up negotiations with the railroad.

If the railroad is not willing to renegotiate, if the STB does not grant the extension or if negotiations ultimately fall through, DOT legal staff indicate that DNR would have to notify the STB that no deal has been reached for the purchase of the Plover to Scandinavia corridor. If any locality would like to then claim the land for interim trail use, they could file a late request for such use with the STB, provided the railroad is willing to negotiate. If the railroad is not willing to renegotiate or the STB turns down the late request, the land would then be abandoned. After abandonment, some lands the railroad does not own in fee simple may revert to the original landowners. Further, the first right of acquisition would go to DOT under state law. Under this scenario, DNR could request the first right of acquisition from DOT to acquire the land for recreational purposes. Since it is not DNR practice to obtain trail land through condemnation, DNR could then attempt to obtain the land in the abandoned railroad line in a piecemeal fashion from property owners willing to sell. This process would be more time-consuming and, potentially, more costly than obtaining the land by purchase in a single block for interim trail use.

DNR and railway officials indicate that if DNR is unable to make the purchase or attempts to reopen negotiations with the railroad, it could damage future prospects for land acquisition for recreational trails. Because DNR has signalled its intention to purchase the entire 19.5-mile corridor for almost two years, modifying or reversing that intention could adversely affect the prospects either for renegotiation of the current purchase or for future sales.

## **ALTERNATIVES**

1. Approve the DNR request to purchase approximately 19.5 miles of railroad right-of-way between Plover and Scandinavia in Portage and Waupaca counties from Fox Valley & Western Ltd. for \$257,725.
2. Approve the DNR purchase of approximately 15.5 miles of railroad right-of-way between Plover and the Portage County line. Deny the request to purchase approximately 4 miles of right-of-way from the Waupaca County line to Scandinavia.
3. Deny the request.

Prepared by: Russ Kava

V. Department of Natural Resources -- Howard S. Druckenmiller, Division Administrator, Division of Land

The department requested approval of the purchase of approximately 20 miles of railroad right-of-way from the Fox Valley & Western Ltd. in Portage and Waupaca counties under the 14-day passive review required under s. 23.0915(4).

Due to an objection from a committee member, this request is now before the committee under s. 13.10.

Staff Recommendation:  
#1 plus motion  
direct DNR to resolve  
remaining issues w/  
farmers through passive  
review.  
(ie, crop spraying)



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 16, 1996

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services--Section 13.10 Request For Transfer of Land Sale Proceeds--Agenda Item VI

The Department of Health and Family Services (DHFS) requests that the Committee transfer \$279,300 from the proceeds of recent land sales at the Mental Health Institutes (MHIs) and Northern Wisconsin Center for the Developmentally Disabled for the purposes of: (a) reducing the deficit at the MHIs; and (b) upgrading information systems at the State Centers and the MHIs.

### BACKGROUND

Prior to the 1995-97 budget, proceeds from the sale of surplus land were applied to agency debt service payments. For properties where the debt had already been retired or never existed, the proceeds were used to pay off the agency's most costly outstanding debt supported by the same appropriation source as the liquidated property.

To give agencies more incentive to dispose of surplus properties, 1995 Wisconsin Act 27 (the 1995-97 budget) modified the use of funds received from the sale of surplus property. Under Act 27, these monies, after paying off outstanding bonds used to finance that property, are deposited in the Joint Finance Committee's appropriation for release to the agency or the Building Commission. If the property was used by a single agency, not more than 50% of these funds can be released by the Committee upon the request of the agency to supplement any agency appropriation, except a sum sufficient appropriation, without a finding by the Committee under s. 13.10 that an emergency need exists. Similarly, upon the request of the Building Commission, the Committee can transfer the remaining funds, depending on the amount of funds released to the agency, to the building trust fund, without a finding of an emergency.

Through November 26, 1996, \$1,056,000 associated with sale of nine properties has been deposited to the Committee's appropriation, for eventual release to the agencies involved and to the Building Commission. The requests for transfer of surplus land sale proceeds in Agenda Items VI and XI represent the first requests received by the Committee under this provision of the statutes.

Under current law, the sale of surplus land having a fair market value of at least \$20,000 requires the approval of the Building Commission and the Joint Committee on Finance. In this case, the sale of the DHFS properties was approved by the Building Commission on February 22, 1996, and by the Committee under a passive review process on March 8, 1996. Net proceeds from the sales totalling \$558,600 were deposited to the Committee's appropriation.

## SUMMARY OF REQUEST

The proceeds from the three land sales of DHFS properties total \$558,600. Under the DHFS request, \$279,300 (50%) would be transferred to DHFS, while the balance would be available for release by the Committee to the Building Commission.

Of the amount that would be transferred to DHFS, \$168,500 would be used to reduce the deficit at the MHIs. This amount represents 50% of the total proceeds relating to the land sales at the MHIs. The remaining \$110,800, which represents the proceeds related to the sale at Northern Center, would be used to upgrade information systems at the State Centers and MHIs. Specifically, DHFS would purchase 35 new computers for use by staff at the MHIs and the State Centers.

A summary of these land sales and the DHFS proposed use of the proceeds is provided in the table below.

### Amount and Proposed Use of Property Sales Division of Care and Treatment Facilities

| <u>Institution</u> | <u>Net Proceeds</u> | <u>Amount Requested</u> |                     |
|--------------------|---------------------|-------------------------|---------------------|
|                    |                     | <u>For Transfer</u>     | <u>Proposed Use</u> |
| Mendota MHI        | \$269,900           | \$135,000               | Deficit Reduction   |
| Winnebago MHI      | 67,000              | 33,500                  | Deficit Reduction   |
| Northern Center    | <u>221,600</u>      | <u>110,800</u>          | New Computers       |
| TOTAL              | \$558,600           | \$279,300               |                     |

**Deficit Reduction.** The MHIs are supported by a combination of GPR and PR funds. GPR funds are used to support the costs of care for patients committed through the criminal justice system. The costs of care for other patients, including individuals who are committed under civil

proceedings and youth transferred from the juvenile correctional schools, are supported by PR derived from daily charges to the responsible parties (counties and third-party payers).

In recent years, the costs of providing care to PR-supported clients has exceeded the program revenues collected through these daily charges. Consequently, the MHIs incurred yearly losses that resulted in an accrued unsupported cash deficit of \$9.1 million, as of June 30, 1995. It is projected that this deficit will increase to \$10.3 million by the end of the 1996-97 fiscal year, as a result of: (a) a projected net loss of \$1.7 million in 1995-96; and (b) a projected net gain of \$0.5 million in 1996-97.

The deficit problem at the MHIs was noted in a March, 1993, financial audit prepared by the Legislative Audit Bureau (LAB). In response to the LAB findings, the Legislature addressed the issue in the 1993-95 biennial budget act by increasing medical assistance rates paid to the MHIs and directing DHFS to eliminate the deficit by July 1, 1995. The statutory date by which the deficit was to be eliminated was subsequently deferred to July 1, 1997, under provisions contained in the 1995-97 biennial budget act and again to July 1, 1999, under provisions of 1995 Wisconsin Act 216.

Current law also requires DHFS to increase rates charged for services by at least an average of 10% annually, until receipts come into balance with disbursements. The Department increased rates by the following amounts in recent years: 10% in October, 1994, 13% in October, 1995, and 21% in October, 1996.


In its 1997-99 budget submission, DHFS has requested that the current statutory requirements to eliminate the deficit by July 1, 1999, and to increase the MHI rates by at least 10% per year be repealed. Instead, DHFS requests that provisions be created that would: (a) require that DHFS establish MHI rates such that projected revenues meet or exceed projected expenditures in each year; and (b) permit the MHIs to count the assets of the MHIs against the deficit. In addition, DHFS is requesting that the funding source for juveniles transferred from DOC be converted to GPR funding, at a net GPR cost of \$684,700 annually.

**Information Technology.** On February 1, 1995, Governor Thompson issued an executive order directing the Department of Administration (DOA) to establish and implement enterprise IT standards for state agencies's information technology (IT) infrastructure in order to upgrade and standardize the state's basic IT infrastructure. DOA proceeded to develop enterprise standards in five areas of basic IT infrastructure: (1) desktop hardware and software; (2) network hardware and software; (3) support, training, and disaster recovery; (4) E-mail and voice mail; and (5) printers, copiers and fax machines. Further, to move all state agencies to these standards, DOA required that each state agency develop and submit a four-year IT migration plan. The migration plan was required to include the agency's migration path, time schedule over the four-year period for reaching the new standards and a cost estimate of the basic IT infrastructure needed to meet the state's IT standards by the end of the 1998-99 fiscal year.

The Department's request to use \$110,800 for new computers would contribute to meeting the IT standard that knowledge workers have access to computers and information systems.

## ANALYSIS

The Department's request meets the requirements of the Act 27 provision and is consistent with the state's interest in enabling DHFS to make progress in reducing the deficit at the MHIs and meeting the state's IT standards. Further, the Act 27 provision does not require DHFS to demonstrate that an emergency exists as condition of seeking the release of these funds. However, state law provides the Committee the discretion to approve, deny or modify the request.

 The Act 27 provision was intended to provide agencies an incentive to dispose of surplus property. If the Committee denied all transfer requests, the incentive for state agencies to sell surplus land would be removed. However, it may not be necessary to approve all requests in full to maintain an incentive for agencies to sell surplus land.

**Deficit Reduction.** There are several reasons why DHFS has had difficulty reducing the deficit at the MHIs. First, DHFS has found it to be difficult to reduce costs at the MHIs, since the MHIs must provide adequate services to meet federal medicare requirements to be eligible for medicare and medical assistance (MA) funding. In June, 1995, surveyors cited the Winnebago Mental Health Institute for staffing deficiencies. In response, the Committee, acting under its s. 13.10 authority, provided 31.0 additional positions at Winnebago, beginning August 1, 1995, to ensure that the facility would remain eligible for medicare and MA funds.

Second, DHFS has a limited ability to increase program revenues for the MHIs. because: (a) the MHIs do not establish the rates paid for clients supported by medicare and MA funds; and (b) the rate paid to Mendota MHI for services provided to youth placed at the juvenile correctional schools is established under an agreement between DHFS and DOC, but cannot exceed the actual costs of providing these services. As a result, the MHIs have a limited patient base upon which DHFS can assess higher rates. Thus, even though DHFS has increased rates by at least 10% in each of the past three years (as required by statute), the deficit at the MHIs has not been reduced. In addition, further rate increases may be counterproductive, since counties may choose to send their patients to other mental health facilities if the rates at the MHIs are not competitive with other facilities' rates.

**Information Technology.** Under the DHFS request, \$110,800 would be provided for DHFS to purchase up to 35 new computers in order to meet the IT standard of providing a computer for each knowledge worker. Progress in meeting this standard serves to build the basic infrastructure for implementing IT projects that can assist agencies in achieving efficiencies. For example, the acquisition of new computers would contribute to the Department's IT plan by providing part of the basic infrastructure to implement a computerized patient record system at the MHIs and State Centers. Currently, base IT funding for the Division of Care and Treatment Facilities does not permit the Division to meet the various IT standards.

In light of the difficulty of reducing the deficit at the MHIs through expenditure reductions or rate increases, the Committee could modify the DHFS request by directing DHFS to use all of the \$279,300 to reduce the deficit at the MHIs. Although \$110,000 of the requested transfer is

attributable to land sales at Northern Central Center, the statutory provisions allow use of the transferred funds for any function in the Department funded by a sum certain appropriation.

Alternatively, if the Committee chooses not to transfer funds derived from the sale of these properties at this time and does not approve a subsequent request by DHFS or the Building Commission for the use of these funds, this funding would lapse to the general fund on June 30, 1997.

## ALTERNATIVES

1. Approve the Department's request to transfer \$279,300 in 1996-97 from the proceeds of recent land sales to the Department's GPR general operations appropriation under s. 20.435(2)(a) for the Division of Care and Treatment to: (a) reduce the deficit at the Mental Health Institutes (\$168,500); and (b) purchase computers for staff at the State Centers and Mental Health Institutes (\$110,800).

2. In addition to Alternative #1, reduce the appropriation under s. 20.435 (2)(gk) by \$168,500 in 1996-97 to reflect the availability of GPR funds to support costs that would otherwise be supported by PR in 1996-97.

3. Transfer \$279,300 in 1996-97 from the proceeds of recent land sales to the Department's GPR general program operations appropriation under s. 20.435(2)(a) for the Division of Care and Treatment facilities to reduce the deficit at the MHIs. In addition, reduce the appropriation under s. 20.435 (2)(gk) by \$279,300 by 1996-97 to reflect the availability of GPR funds to support costs that would otherwise be supported by PR in 1996-97.

4. Den: MO# 5050

Prepared by: Ri

|            |     |   |        |
|------------|-----|---|--------|
| 2 BURKE    | (Y) | N | A      |
| ANDREA     | Y   | N | (A)    |
| GEORGE     | Y   | N | (A)    |
| DECKER     | (Y) | N | A      |
| JAUCH      | (Y) | N | A      |
| WINEKE     | (Y) | N | A      |
| WEEDEN     | (Y) | N | A      |
| COWLES     | (Y) | N | A      |
| BRANCEL    | (Y) | N | A      |
| FOTI       | (Y) | N | A      |
| SCHNEIDERS | (Y) | N | A      |
| OURADA     | (Y) | N | A      |
| HARSDORF   | (Y) | N | A      |
| PORTER     | (Y) | N | A      |
| LINTON     | Y   | N | (A) 00 |
| COGGS      | (Y) | N | A      |

AYE 13 NO 0 ABS 3

MO# A112

|            |   |   |     |
|------------|---|---|-----|
| 2 BURKE    | Y | N | A   |
| ANDREA     | Y | N | (A) |
| GEORGE     | Y | N | (A) |
| DECKER     | Y | N | A   |
| JAUCH      | Y | N | A   |
| WINEKE     | Y | N | A   |
| WEEDEN     | Y | N | A   |
| COWLES     | Y | N | A   |
| BRANCEL    | Y | N | A   |
| FOTI       | Y | N | A   |
| SCHNEIDERS | Y | N | A   |
| OURADA     | Y | N | A   |
| HARSDORF   | Y | N | A   |
| PORTER     | Y | N | A   |
| LINTON     | Y | N | (A) |
| COGGS      | Y | N | A   |

AYE \_\_\_\_ NO \_\_\_\_ ABS \_\_\_\_

HEALTH AND FAMILY SERVICES

Request for Transfer of Land Sales Proceeds

Motion:

Transfer \$279,300 in 1996-97 from the proceeds of recent land sales to the Department's GPR general program operations appropriation under s. 20.435(2)(a) for the Division of Care and Treatment facilities to reduce the deficit at the MHIs. In addition, reduce the appropriation under s. 20.435 (2)(gk) by \$279,300 by 1996-97 to reflect the availability of GPR funds to support costs that would otherwise be supported by PR in 1996-97. In addition, amend the s. 16.505/515 which is pending before the Joint Committee on Finance to approve \$110,800 for the purchase of computers the State Centers and Mental Health Institutions.



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 16, 1996

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services--Section 13.10 Request For Transfer of Land Sale Proceeds--Agenda Item VI

The Department of Health and Family Services (DHFS) requests that the Committee transfer \$279,300 from the proceeds of recent land sales at the Mental Health Institutes (MHIs) and Northern Wisconsin Center for the Developmentally Disabled for the purposes of: (a) reducing the deficit at the MHIs; and (b) upgrading information systems at the State Centers and the MHIs.

### BACKGROUND

Prior to the 1995-97 budget, proceeds from the sale of surplus land were applied to agency debt service payments. For properties where the debt had already been retired or never existed, the proceeds were used to pay off the agency's most costly outstanding debt supported by the same appropriation source as the liquidated property.

To give agencies more incentive to dispose of surplus properties, 1995 Wisconsin Act 27 (the 1995-97 budget) modified the use of funds received from the sale of surplus property. Under Act 27, these monies, after paying off outstanding bonds used to finance that property, are deposited in the Joint Finance Committee's appropriation for release to the agency or the Building Commission. If the property was used by a single agency, not more than 50% of these funds can be released by the Committee upon the request of the agency to supplement any agency appropriation, except a sum sufficient appropriation, without a finding by the Committee under s. 13.10 that an emergency need exists. Similarly, upon the request of the Building Commission, the Committee can transfer the remaining funds, depending on the amount of funds released to the agency, to the building trust fund, without a finding of an emergency.

Through November 26, 1996, \$1,056,000 associated with sale of nine properties has been deposited to the Committee's appropriation, for eventual release to the agencies involved and to the Building Commission. The requests for transfer of surplus land sale proceeds in Agenda Items VI and XI represent the first requests received by the Committee under this provision of the statutes.

Under current law, the sale of surplus land having a fair market value of at least \$20,000 requires the approval of the Building Commission and the Joint Committee on Finance. In this case, the sale of the DHFS properties was approved by the Building Commission on February 22, 1996, and by the Committee under a passive review process on March 8, 1996. Net proceeds from the sales totalling \$558,600 were deposited to the Committee's appropriation.

### **SUMMARY OF REQUEST**

The proceeds from the three land sales of DHFS properties total \$558,600. Under the DHFS request, \$279,300 (50%) would be transferred to DHFS, while the balance would be available for release by the Committee to the Building Commission.

Of the amount that would be transferred to DHFS, \$168,500 would be used to reduce the deficit at the MHIs. This amount represents 50% of the total proceeds relating to the land sales at the MHIs. The remaining \$110,800, which represents the proceeds related to the sale at Northern Center, would be used to upgrade information systems at the State Centers and MHIs. Specifically, DHFS would purchase 35 new computers for use by staff at the MHIs and the State Centers.

A summary of these land sales and the DHFS proposed use of the proceeds is provided in the table below.

#### **Amount and Proposed Use of Property Sales Division of Care and Treatment Facilities**

| <u>Institution</u> | <u>Net Proceeds</u> | <u>Amount Requested<br/>For Transfer</u> | <u>Proposed Use</u> |
|--------------------|---------------------|--|---------------------|
| Mendota MHI        | \$269,900           | \$135,000                                | Deficit Reduction   |
| Winnebago MHI      | 67,000              | 33,500                                   | Deficit Reduction   |
| Northern Center    | <u>221,600</u>      | <u>110,800</u>                           | New Computers       |
| TOTAL              | \$558,600           | \$279,300                                |                     |

**Deficit Reduction.** The MHIs are supported by a combination of GPR and PR funds. GPR funds are used to support the costs of care for patients committed through the criminal justice system. The costs of care for other patients, including individuals who are committed under civil

proceedings and youth transferred from the juvenile correctional schools, are supported by PR derived from daily charges to the responsible parties (counties and third-party payers).

In recent years, the costs of providing care to PR-supported clients has exceeded the program revenues collected through these daily charges. Consequently, the MHIs incurred yearly losses that resulted in an accrued unsupported cash deficit of \$9.1 million, as of June 30, 1995. It is projected that this deficit will increase to \$10.3 million by the end of the 1996-97 fiscal year, as a result of: (a) a projected net loss of \$1.7 million in 1995-96; and (b) a projected net gain of \$0.5 million in 1996-97.

The deficit problem at the MHIs was noted in a March, 1993, financial audit prepared by the Legislative Audit Bureau (LAB). In response to the LAB findings, the Legislature addressed the issue in the 1993-95 biennial budget act by increasing medical assistance rates paid to the MHIs and directing DHFS to eliminate the deficit by July 1, 1995. The statutory date by which the deficit was to be eliminated was subsequently deferred to July 1, 1997, under provisions contained in the 1995-97 biennial budget act and again to July 1, 1999, under provisions of 1995 Wisconsin Act 216.

Current law also requires DHFS to increase rates charged for services by at least an average of 10% annually, until receipts come into balance with disbursements. The Department increased rates by the following amounts in recent years: 10% in October, 1994, 13% in October, 1995, and 21% in October, 1996.

In its 1997-99 budget submission, DHFS has requested that the current statutory requirements to eliminate the deficit by July 1, 1999, and to increase the MHI rates by at least 10% per year be repealed. Instead, DHFS requests that provisions be created that would: (a) require that DHFS establish MHI rates such that projected revenues meet or exceed projected expenditures in each year; and (b) permit the MHIs to count the assets of the MHIs against the deficit. In addition, DHFS is requesting that the funding source for juveniles transferred from DOC be converted to GPR funding, at a net GPR cost of \$684,700 annually.

**Information Technology.** On February 1, 1995, Governor Thompson issued an executive order directing the Department of Administration (DOA) to establish and implement enterprise IT standards for state agencies's information technology (IT) infrastructure in order to upgrade and standardize the state's basic IT infrastructure. DOA proceeded to develop enterprise standards in five areas of basic IT infrastructure: (1) desktop hardware and software; (2) network hardware and software; (3) support, training, and disaster recovery; (4) E-mail and voice mail; and (5) printers, copiers and fax machines. Further, to move all state agencies to these standards, DOA required that each state agency develop and submit a four-year IT migration plan. The migration plan was required to include the agency's migration path, time schedule over the four-year period for reaching the new standards and a cost estimate of the basic IT infrastructure needed to meet the state's IT standards by the end of the 1998-99 fiscal year.

The Department's request to use \$110,800 for new computers would contribute to meeting the IT standard that knowledge workers have access to computers and information systems.

## ANALYSIS

The Department's request meets the requirements of the Act 27 provision and is consistent with the state's interest in enabling DHFS to make progress in reducing the deficit at the MHIs and meeting the state's IT standards. Further, the Act 27 provision does not require DHFS to demonstrate that an emergency exists as condition of seeking the release of these funds. However, state law provides the Committee the discretion to approve, deny or modify the request.

The Act 27 provision was intended to provide agencies an incentive to dispose of surplus property. If the Committee denied all transfer requests, the incentive for state agencies to sell surplus land would be removed. However, it may not be necessary to approve all requests in full to maintain an incentive for agencies to sell surplus land.

**Deficit Reduction.** There are several reasons why DHFS has had difficulty reducing the deficit at the MHIs. First, DHFS has found it to be difficult to reduce costs at the MHIs, since the MHIs must provide adequate services to meet federal medicare requirements to be eligible for medicare and medical assistance (MA) funding. In June, 1995, surveyors cited the Winnebago Mental Health Institute for staffing deficiencies. In response, the Committee, acting under its s. 13.10 authority, provided 31.0 additional positions at Winnebago, beginning August 1, 1995, to ensure that the facility would remain eligible for medicare and MA funds.

Second, DHFS has a limited ability to increase program revenues for the MHIs. because: (a) the MHIs do not establish the rates paid for clients supported by medicare and MA funds; and (b) the rate paid to Mendota MHI for services provided to youth placed at the juvenile correctional schools is established under an agreement between DHFS and DOC, but cannot exceed the actual costs of providing these services. As a result, the MHIs have a limited patient base upon which DHFS can assess higher rates. Thus, even though DHFS has increased rates by at least 10% in each of the past three years (as required by statute), the deficit at the MHIs has not been reduced. In addition, further rate increases may be counterproductive, since counties may choose to send their patients to other mental health facilities if the rates at the MHIs are not competitive with other facilities' rates.

**Information Technology.** Under the DHFS request, \$110,800 would be provided for DHFS to purchase up to 35 new computers in order to meet the IT standard of providing a computer for each knowledge worker. Progress in meeting this standard serves to build the basic infrastructure for implementing IT projects that can assist agencies in achieving efficiencies. For example, the acquisition of new computers would contribute to the Department's IT plan by providing part of the basic infrastructure to implement a computerized patient record system at the MHIs and State Centers. Currently, base IT funding for the Division of Care and Treatment Facilities does not permit the Division to meet the various IT standards.

In light of the difficulty of reducing the deficit at the MHIs through expenditure reductions or rate increases, the Committee could modify the DHFS request by directing DHFS to use all of the \$279,300 to reduce the deficit at the MHIs. Although \$110,000 of the requested transfer is

attributable to land sales at Northern Central Center, the statutory provisions allow use of the transferred funds for any function in the Department funded by a sum certain appropriation.

Alternatively, if the Committee chooses not to transfer funds derived from the sale of these properties at this time and does not approve a subsequent request by DHFS or the Building Commission for the use of these funds, this funding would lapse to the general fund on June 30, 1997.

## ALTERNATIVES

1. Approve the Department's request to transfer \$279,300 in 1996-97 from the proceeds of recent land sales to the Department's GPR general operations appropriation under s. 20.435(2)(a) for the Division of Care and Treatment to: (a) reduce the deficit at the Mental Health Institutes (\$168,500); and (b) purchase computers for staff at the State Centers and Mental Health Institutes (\$110,800).

2. In addition to Alternative #1, reduce the appropriation under s. 20.435 (2)(gk) by \$168,500 in 1996-97 to reflect the availability of GPR funds to support costs that would otherwise be supported by PR in 1996-97.

3. Transfer \$279,300 in 1996-97 from the proceeds of recent land sales to the Department's GPR general program operations appropriation under s. 20.435(2)(a) for the Division of Care and Treatment facilities to reduce the deficit at the MHIs. In addition, reduce the appropriation under s. 20.435 (2)(gk) by \$279,300 by 1996-97 to reflect the availability of GPR funds to support costs that would otherwise be supported by PR in 1996-97.

4. Deny the request.

Prepared by: Richard Megna

Staff Recommendation  
#2

VI. Department of Health and Family Services -- Tom Alt, Administrator, Division of Care and Treatment Facilities

The department, acting under s. 13.101(13)(b), requests the transfer of \$279,300 from appropriation s. 20.865(4)(a), the Joint Committee on Finance supplemental appropriation, to s. 20.435(2)(a), the Division of Care and Treatment Facilities (DCTF) general operations appropriation, from the sale of land at DCTF facilities. Part of the funds will be used to reduce the deficit at the mental health institutes and the balance will be used for information technology improvements at all DCTF facilities.

Governor's Recommendation

Approve the request.

## CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN  
Department of Administration

**Date:** December 10, 1996

**To:** Members, Joint Committee on Finance

**From:** Mark D. Bugher, Secretary  
Department of Administration

**Subject:** Section 13.10 Request from the Department of Health and Family Services (DHFS) to Use Funds Generated from Sales of State Land and Buildings

**Request**

The DHFS is requesting the transfer of \$279,300 GPR from the Committee's appropriation under s. 20.865(4)(a). The requested funds represent one-half of the sale price (\$558,600) of surplus land at Northern Center for the Developmentally Disabled and at Mendota Mental Health Institute (MMHI) and the sale of a house at Winnebago Mental Health Institute (WMHI).

**Background**

Under s. 13.101(13), state agencies are required to deposit the revenue from the sale of a state building or state land into the Committee's appropriation under s. 20.865(4)(a). These funds are then available to the Committee for distribution under s. 13.10. However, the Committee, upon request of the selling agency, is authorized to transfer up to one-half of the sale price to the agency without meeting the emergency provisions of s. 13.10.

**Analysis**

DHFS is requesting the transfer of \$279,300 GPR from the Committee's appropriation under s. 20.865(4)(a), to s. 20.435(2)(a), the Division of Care and Treatment Facilities (DCTF) General Operations appropriation to be used for reduction of the deficit at the MHIs, which is approximately \$9.6 million, and to upgrade information technology. A total of \$168,500 from the sales at the two MHIs would be applied to the deficit. DCTF lags far behind other DHFS divisions in having appropriate information technology (IT) for its over 4,000 FTE. The balance of the fund transfer of \$110,800 would be of great use in trying to bring the Centers and the MHIs to state standards for IT. DCTF estimates that an additional 500 computers are necessary for the Centers and the MHIs for those staff identified as "knowledge workers", who are defined as those who require computers to perform their jobs. The additional funds would be used to purchase 35 new computers.

Members, Joint Committee on Finance  
December 10, 1996  
Page 2

**Recommendation**

Approve the request.

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Prepared by: Susan Jablonsky  
267-9546



State of Wisconsin  
**Department of Health and Family Services**

Tommy G. Thompson, Governor  
 Joe Leca, Secretary

November 18, 1996

The Honorable Brian B. Burke  
 Senate Chair, Joint Committee on Finance  
 100 N. Hamilton Street, Room 302  
 Madison, WI 53702

The Honorable Ben Brancel  
 Assembly Chair, Joint Committee on Finance  
 119 Martin Luther King, Jr. Blvd., Suite LL2  
 Madison, WI 53702

Dear Senator Burke and Representative Brancel:

The Department of Health and Family Services requests that the Committee, acting under s. 13.101 (13) (b), transfer \$279,300 from the proceeds of recent land sales at the Mental Health Institutes and Northern Wisconsin Center to the Department. This amount represents half of the proceeds from the sales. The land sold and the amount received are summarized below.

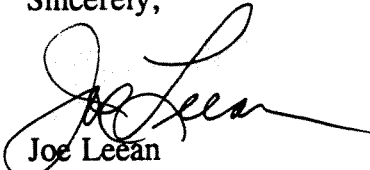
| Institution     | Parcel Sold                          | Closing         | Net Proceeds     | Department Request |
|-----------------|--------------------------------------|-----------------|------------------|--------------------|
| Northern Center | 115 Acres                            | April 29, 1996  | \$221,629        | \$110,800          |
| Winnebago MHI   | Butler Ave. house                    | June 26, 1996   | \$66,998         | \$ 33,500          |
| Mendota MHI     | 18 acres--<br>Sauthoff/Green<br>Ave. | August 14, 1996 | \$269,900        | \$135,000          |
| <b>Total</b>    |                                      |                 | <b>\$558,600</b> | <b>\$279,300</b>   |

The Department proposes to use the funding in the following ways. The \$135,000 from the sales at Mendota and the \$33,500 from Winnebago will be used to reduce the deficit at the MHIs. The remaining \$110,800 from the sale of the land at Northern Center will be used to upgrade information systems across the MHIs and Centers for the Developmentally Disabled.

| <b>Institution</b>    | <b>Department Request</b> | <b>Proposed Use of Funds</b> | <b>Appropriation (Alpha/Numeric)</b> |
|-----------------------|---------------------------|------------------------------|--------------------------------------|
| Winnebago MHI         | \$33,500                  | Reduce MHI Deficit           | s. 20.435 (2) (a) 201                |
| Mendota MHI           | \$135,000                 | Reduce MHI Deficit           | s. 20.435 (2) (a) 201                |
| All DCTF Institutions | \$110,800                 | Upgrade IT System            | s. 20.435 (2) (a) 201                |
| <b>Total</b>          | <b>\$279,300</b>          |                              |                                      |

Thank you for your consideration of this request. Tom Alt, Administrator for the Division of Care and Treatment Facilities will represent the Department on this item at the s. 13.10 meeting.

Sincerely,

  
Joe Lee  
Secretary



## **Legislative Fiscal Bureau**

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 16, 1996

**TO:** Members  
Joint Committee on Finance

**FROM:** Bob Lang, Director

**SUBJECT:** Health and Family Services--Wisconsin Child Protective Services System for Management of the Milwaukee County Child Welfare System--Agenda Item VII

The Department of Health and Family Services (DHFS) requests that the Committee transfer \$1,987,400 GPR from the Committee's supplemental appropriation under s. 20.865(4)(a) to the DHFS appropriation under s. 20.435(3)(cw) in 1996-97 for the development and implementation of the Wisconsin child protective services system (WCPSS). WCPSS is an automated information system to manage the child protective services system in Milwaukee County.

### **BACKGROUND**

Provisions of 1995 Wisconsin Act 27 required DHFS to submit, to the Governor and the Legislature, by April 1, 1996, a proposal to transfer the authority and duty to provide child welfare services in Milwaukee County from that county to DHFS, beginning January 1, 1998. In response to this directive, DHFS drafted a proposal that was introduced as Senate Bill 615 and enacted as 1995 Wisconsin Act 303.

Act 303 provides the initial funding, position authority and statutory framework for implementing this transfer of responsibility from the county to DHFS. For example, Act 303 included the establishment of a nineteen-member Milwaukee Child Welfare Partnership Council to provide direction, suggest policies, address issues and provide technical assistance in the development of a neighborhood-based system with five service delivery sites.

As part of this legislation, DHFS was instructed to prepare a plan for the development of an automated information system to assist DHFS in managing the child welfare system in

Milwaukee County. The Act provided \$3,485,000 GPR in 1996-97 to the Committee's appropriation for the development and implementation of the system. The Act required DHFS to submit the plan to the Committee for approval under a fourteen-day passive review process. Upon approval, funding would be transferred from the Committee's appropriation to the appropriation for child welfare services in Milwaukee County.

On November 27, 1996, DHFS submitted its plan requesting the transfer of \$1,987,400 GPR. The Department's request for GPR funds will be matched by federal funds already appropriated to DHFS. The total funding that would be provided under the DHFS request in 1996-97 would be \$3,974,800 (\$1,987,400 GPR and \$1,987,400 FED).

The Committee should note that the amount of GPR funding requested by DHFS is less than the \$3,485,400 GPR appropriated to the Committee for this purpose under Act 303. The Department indicates that it does not intend to request the balance of \$1,498,000 earmarked for this purpose. Further, the DHFS request is to support costs that will be incurred in 1996-97 only; any funding approved by the Committee at this time will not be included in the Department's 1997-99 base budget. Costs that are expected to be incurred in the 1997-99 biennium, while included in the DHFS plan and discussed in this memorandum, are not part of the request before the Committee at this time. Funding for these costs are expected to be addressed in the Governor's 1997-99 budget recommendations.

## **PLAN SUMMARY**

The WCPSS design calls for automation of all stages of the child protective services system. WCPSS will permit on-line tracking of all cases, generate routine documents, generate task and scheduling notices, produce reports, interface with other information systems such as CARES and KIDS, and manage fiscal processes. DHFS will contract with a vendor for the development and implementation of the system. Equipment and ongoing support for the system's users will be provided by DHFS. The following table summarizes the projected costs for the components of the DHFS plan.

**Wisconsin Child Protective Services System  
Summary of Projected Costs for Development  
and Implementation (All Funds)**

| <u>Description</u>              | DHFS<br>Request<br><u>1996-97</u> | <u>1997-98*</u> | <u>1998-99*</u> |
|---------------------------------|-----------------------------------|-----------------|-----------------|
| Staff                           | \$708,800                         | \$1,709,700     | \$1,583,500     |
| Vendor Contract                 | 2,304,700                         | 4,079,200       | 470,900         |
| Equipment and Equipment Support | 459,500                           | 2,655,100       | 3,106,900       |
| Costs to Maintain Other Systems | <u>501,700</u>                    | <u>450,000</u>  | <u>0</u>        |
| Grand Total                     | \$3,974,700                       | \$8,894,000     | \$5,161,300     |
| GPR Share                       | \$1,987,400                       | \$4,447,000     | \$2,580,700     |
| FED Share                       | \$1,987,400                       | \$4,447,000     | \$2,580,700     |

\*Costs to be addressed in 1997-99 state budget.

A description of the components of the DHFS request is provided for the Committee's review.

**Staff.** The DHFS plan includes funding to support: (a) 6.0 management information specialist positions in the Bureau of Information System (BIS) that would negotiate contractual terms with the selected vendor, coordinate interactions between the vendor and DHFS staff and oversee vendor progress; (b) 2.0 positions to consult with the vendor during the development process to ensure that the system is designed in a way that meets users' needs; (c) 6.0 BIS production and infrastructure support staff, beginning in 1997-98, which would take over responsibility for system support when the vendor warranty ends in June 1999; (d) external contract staff to provide quality control monitoring, accounting and fiscal functions, help desk personnel, and software maintenance; and (e) travel by state and county staff to participate in the development of the system, and attend training and conferences to keep informed of child welfare issues.

**Vendor Contract Costs.** The Department's plan includes funding for services that would be provided by a vendor for development and implementation of WCPSS. While contract negotiations are in progress, the funding represents the costs identified by the vendor in its response to the Department's request for proposal (RFP).

Costs included in the vendor's response include: (a) project initiation and set up of a site in Madison; (b) customization of an automated system to conform to the requirements of DHFS; (c) design of a database, security system and user screens; (d) construction of the software required to meet the system requirements; (e) development of a training plan for system users and training of BIS staff; (f) initial testing of the system; (g) conversion of current Milwaukee County and state data to the new system; (h) development and execution of pilot of the system; (i) full implementation including a plan for transfer of the system to state staff; (j) a warranty through June 30, 1999; (k) equipment and facility costs so that the vendor's staff can operate in Madison.

**Equipment and Equipment Support.** The DHFS plan includes funding for the purchase of: (a) 702 workstations; (b) 39 printers; (c) network infrastructure equipment; (d) six video teleconferencing sites; and (e) BIS infrastructure support of the system. Workstations and printers would be provided to state and contract staff operating Milwaukee County child protective services, and state staff administering the state's foster care and adoption services program. The video teleconferencing sites would be located at the five Milwaukee neighborhood sites and would be used for meetings between Milwaukee and Madison staff and for appearance at court proceedings where video teleconferencing is utilized. The BIS infrastructure support would be provided by BIS staff upon termination of the vendor's warranty in June 1999.

**Costs to Maintain Additional Systems.** The DHFS proposal would provide funding in 1996-97 for maintenance and enhancement of the current state adoption assistance and foster care payment system (AAFCPS) until WCPSS is fully implemented. Upon implementation, WCPSS would either replace or be linked to the current system.

In addition, the DHFS plan includes funding in 1997-98 for maintenance of the current Milwaukee County payment system from January 1, 1998, through June 30, 1998, while WCPSS is being implemented. Once all case information is converted to WCPSS and full implementation is achieved, the Milwaukee County payment system will be eliminated.

## ANALYSIS

The Committee may wish to consider several modifications to the Department's plan, based on: (a) reestimates of costs of several components of the plan; (b) the availability of funding provided in 1995 Wisconsin Act 27 to support maintenance of the AAFCPS system; and (c) technical corrections necessary to meet the Department's intent.

**Reestimate of Hardware Costs.** The Department's plan includes funding budgeted for hardware purchases that is based on an estimated cost of \$3,976 per workstation and \$5,000 per printer. Since the time the request was submitted to the Committee, DHFS has reestimated these costs to be \$3,003 per workstation and \$3,095 per printer. In addition, the DHFS reestimate includes a \$40 per device installation cost, resulting in increased costs of \$1,700 in 1996-97 and \$28,000 in 1997-98. Based on these reestimates, the DHFS request for funding for the purchase

of this hardware could be reduced by \$41,000 in 1996-97. The estimated costs of equipment purchases in 1997-98 would be reduced by \$686,700.

Alternatively, the Committee could fund these equipment purchases at the standard funding levels established by the Department of Administration for 1996-97. These standard funding levels, \$3,000 per workstation and \$3,000 per printer, were updated in February 1996, to provide a level of funding appropriate for state agencies' procurement of information technology. DOA has indicated that it recommends that funding levels for the DHFS request be budgeted at DOA statewide standards. No additional funding would be provided for installation of the equipment. If the Committee chooses to fund this equipment based on the DOA standards, funding for these items could be reduced by \$43,000 in 1996-97. The estimated costs of equipment purchases in 1997-98 would be reduced by \$720,100.

**Video Teleconferencing.** Video teleconferencing capability would allow DHFS staff and the WCPSS vendor to conduct meetings and provide training during the development and implementation of WCPSS. After DHFS takes responsibility for operation of the Milwaukee County child protective services on January 1, 1998, DHFS case workers, supervisors and other staff would use the video teleconferencing units to conduct meetings and appear for court proceedings when those proceedings are available via teleconferencing. Such uses, the Department argues, would reduce the amount of time caseworkers wait at court until their case comes up before the judge.

The request includes funding for the installation of three of the six video teleconferencing sites in 1996-97 and three remaining sites in 1997-98 at a cost of \$61,200 per site for equipment and installation. Since the time the Department submitted its plan to the Committee, DHFS has reestimated the costs of purchasing and installing the teleconferencing sites to be \$55,729 per site. However, in its original request, the Department estimated that 50% of the cost of the video teleconferencing units would be funded through GPR, the remainder through federal Title IV-E (foster care and adoption assistance) funds. It is now estimated that 70%, rather than 50% of the costs of the video teleconferencing units would need to be supported with GPR because these costs are administrative costs rather than systems enhancements. In addition, the Department has indicated, since the submission of its original request, that only one video conferencing site will be installed in 1996-97. Due to remodeling, the two sites, which originally were planned for installation in 1996-97, will be deferred to 1997-98.

By reestimating the total costs of the video teleconferencing sites and the federal/state cost-share and the reduced number of sites being requested in 1996-97, the current cost estimate for purchasing and installing one of the six video teleconferencing sites in 1996-97 is \$55,700 (\$39,000 GPR and \$16,700 FED). This represents a reduction of \$52,800 GPR in 1996-97 from the DHFS request.

The plan submitted by DHFS, includes the installation of six video teleconferencing sites located in Milwaukee during 1996-97 and 1997-98. The six sites will be located in five office locations; one administrative office and four neighborhood offices, one which will serve to

neighborhood service delivery sites. The plan calls for installation of two video teleconferencing sites at one office location in order to accommodate the number of staff located there.

Because video teleconferencing sites are already available at the state office building in Milwaukee and five of the six sites will not be purchased or installed until 1997-98, the Committee could defer the purchase and installation of the video teleconferencing sites and consider the need for these sites as part of the 1997-99 budget deliberations.

**Enhancements to AAFCCPS.** The DHFS request includes \$501,700 for maintenance and enhancements to the adoption assistance and foster care payment system (AAFCPS). AAFCCPS is an automated payment system for those individuals which receive either adoption assistance payments or foster care payments for children for whom the state is guardian. Funding is requested for costs already incurred (\$88,100 through November 15, 1996) in 1996-97 and costs DHFS expects to incur in the remainder of 1996-97. WCPSS will eventually be linked to or replace AAFCCPS once WCPSS is fully operational. In the interim, DHFS argues that the requested funding amount is necessary to maintain the system until WCPSS is fully implemented.

The current payment system was recently rewritten from an outdated language that could no longer be supported by DHFS or DOA staff. During the first eight months of 1996, while the new system was tested, the old and new systems were operating simultaneously. As of September, 1996, the Department ceased operation of the old system.

The new AAFCCPS cannot perform certain adjustments, such as the correction of errors, credits, offsets from other sources of funding, and retroactive payments. These functions are currently being performed manually. DHFS staff are concerned that the recordkeeping for such adjustments is not adequate. It is also argued that the manual performance of these functions increases the risk of error and does not provide the proper recordkeeping for audit purposes.

Two components of the request to provide funding for the maintenance of AAFCCPS would allow the Department to: (a) record negative payment days; and (b) search for information pertaining to transactions by reconciling client identification numbers. DHFS staff have indicated that these items may not be pertinent to the immediate needs of the system. If the Committee wishes to fund maintenance of AAFCCPS, it could reduce the level of funding to exclude funding for the development of negative payment days tracking, (\$22,100) and merging of client identification numbers (\$15,000).

1995 Wisconsin Act 27 (the 1995-97 biennial budget act) provided DHFS \$93,700 GPR in 1996-97 to support enhancements to AAFCCPS. These enhancements were expected to correct errors in the system, provide users with more complete information, and automate eligibility tracking for foster care payments.

The funding provided in Act 27 for this purpose, including an equal amount of federal matching funds, is currently available in the DHFS base budget to support the types of enhancements DHFS requests for the AAFCCPS system. Consequently, the Committee could

reduce the DHFS request by \$187,400 to reflect the availability of these funds in the DHFS base budget.

Alternatively, the Committee could delete all funding that would be provided for maintenance and enhancements to the AAFCPS system under the DHFS request (-\$501,700). Under this alternative, DHFS would be able to use funding provided in Act 27 (\$187,400) to support enhancements to AAFCPS in 1996-97.

Finally, the Committee could delete all funding that would be provided for maintenance and enhancements to AAFCPS under the DHFS request (-\$501,700) and reduce funding in DHFS's current budget by \$99,300 to reflect funding provided in Act 27 for the development of enhancements to AAFCPS (-\$187,400) less funding for costs already incurred in 1996-97 (\$88,100).

**Technical Correction.** The Department's request includes a technical error in the amount of funding that would be provided for the initial wiring for one of the five neighborhood sites. Funding for this purpose (\$11,500) was counted twice. Consequently, the DHFS request should be reduced by \$11,500.

The Department's request for the transfer of funds from the Committee's appropriation only represents the GPR share of the 1996-97 costs for the plan. The federal share of the costs are already budgeted in DHFS. Consequently, the alternatives presented for consideration by the Committee identify the GPR changes to the Department's request.

## ALTERNATIVES

1. Approve the DHFS request to transfer \$1,987,400 GPR in 1996-97 on a one-time basis from the Committee's appropriation under s. 20.865(4)(a) the Milwaukee child welfare services appropriation under s. 204.435(3)(cw).

2. Reduce the DHFS request by \$5,800 GPR in 1996-97 to correct an error in the amount requested resulting from double counting costs for initial wiring for one of the five neighborhood sites.

3. Adopt Alternative 2. In addition, modify the DHFS request by adopting one of the items in each set of Alternatives.

### A. Hardware

1. Adopt the Department's initial request for funding of \$229,800 GPR.

2. Reduce funding by \$20,500 GPR in 1996-97 to reflect DHFS reestimates of the costs of workstations and printers.

3. Reduce funding by \$21,500 GPR in 1996-97 to reflect DOA standards for budgeting for workstations and printers.

## B. Video Conferencing

1. Adopt the Department's initial request for funding of \$91,800 GPR.
2. Decrease funding requested by DHFS by \$52,800 in 1996-97 to reflect: (a) reestimates of the costs of each site; (b) a federal cost-sharing rate of 30%, rather than 50%, for this component; and (c) reduction in the number of units installed.
3. Reduce funding by \$91,800 GPR in 1996-97 to delete funding for teleconferencing sites.

## C. Enhancements to AAFCCPS

1. Adopt the Department's initial request for funding of \$250,900 GPR.
2. Reduce funding by \$93,700 GPR in 1996-97 to reflect the availability of funding provided in Act 27 for maintenance and enhancements to AAFCCPS.
3. Reduce funding by \$112,200 GPR in 1996-97 to reflect: (a) the availability of funding provided in Act 27 for maintenance and enhancements to AAFCCPS (\$93,700 GPR) and the deletion of funds budgeted for the development of negative payments days tracking and merging of client identification numbers (\$18,500 GPR).
4. Reduce funding by \$250,900 GPR in 1996-97 to delete all funding requested for the maintenance and enhancement of AAFCCPS.
5. Reduce funding by \$250,900 GPR in 1996-97 to delete all funding requested for the maintenance and enhancements of AAFCCPS. In addition, reduce DHFS by (\$49,700 GPR and \$49,600 FED) in 1996-97 to provide funding for on incurred in 1996-97 for enhancements to the AAFCCPS.

Prepared by: Rachel Cissne

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HARSDORF Y N A  
PORTER Y N A  
LINTON Y N A  
COGGS Y N A

# STATE OF WISCONSIN

**SENATE CHAIR  
BRIAN BURKE**

100 North Hamilton  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: 266-8535



**ASSEMBLY CHAIR  
BEN BRANCEL**

119 Martin Luther King Blvd.  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-7746

## JOINT COMMITTEE ON FINANCE

December 4, 1996

**TO:** Members  
Joint Committee on Finance

**FROM:** Representative Ben Brancel  
Senator Brian Burke  
Co-Chairs, Joint Committee on Finance

**SUBJECT:** Wisconsin Child Protective Services System

Attached is a copy of a request from Secretary Joe Lekan of the Department of Health and Family Services for the release of funding from the Joint Committee on Finance's appropriation under s. 20.865 (4)(a) for the development and implementation of the Wisconsin Child Protective Services System (WCPSS), as required by 1995 Wisconsin Act 303. WCPSS is an automated information system to manage the child protective services system in Milwaukee County.

The DHFS request, which was received on Friday, November 27, 1996, has been added to the agenda for the Committee's meeting under s. 13.10 of the statutes for Monday, December 16, 1996. A copy of the Department's request is attached.

BB:BB:al  
Attachment

# STATE OF WISCONSIN

SENATE CHAIR  
BRIAN BURKE

100 North Hamilton  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: 266-8535



ASSEMBLY CHAIR  
BEN BRANCEL

119 Martin Luther King Blvd.  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-7746

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

TO: Members  
Joint Committee on Finance

FROM: Representative Ben Brancel  
Senator Brian Burke  
Co-Chairs, Joint Committee on Finance

DATE: November 27, 1996

RE: 14-day passive review

Attached is a copy of a request from Secretary Joe Lekan of the Department of Health and Family Services regarding an automated information system to assist DHFS in managing the child protective services system in Milwaukee County. Under s.20.865 (4)(a), the Joint Committee on Finance has fourteen working days to review this plan. Although the request is dated November 18, 1996, the co-chairs did not receive it in their office until November 27, 1996. Therefore, the first day of the passive review begins on Friday, November 29, 1996. Please contact **Representative Brancel or Senator Burke** no later than **Tuesday, December 17, 1996** if you have any questions about this request or would like the Committee to meet formally to review. If no objections are heard by that date, the request will be approved.

Also, please contact us if you need further information.

BB:BB:al

# STATE OF WISCONSIN

SENATE CHAIR  
BRIAN BURKE

100 North Hamilton  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: 266-8535



ASSEMBLY CHAIR  
BEN BRANCEL

119 Martin Luther King Blvd.  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-7746

## JOINT COMMITTEE ON FINANCE

November 27, 1996

Secretary Joe Leean  
Department of Health and Family Services  
1 West Wilson Street  
Madison, WI 53707-7850

Dear Secretary Leean:

This letter is in response to your November 18, 1996 letter to the co-chairs of the Joint Committee on Finance regarding an automated information system to assist DHFS in managing the child protective services system in Milwaukee County.

Despite the fact that the letter is dated November 18, 1996, the co-chairs did not receive your letter until November 27, 1996. As a result, the request will be approved on Wednesday, December 18, 1996 if no objections are raised.

If you have any questions, please contact the co-chairs.

Thank you for your time.

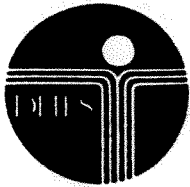
Sincerely,

*Ben Brancel*

BEN BRANCEL  
Assembly Chair

*Brian Burke*

BRIAN BURKE  
Senate Chair



State of Wisconsin  
**Department of Health and Family Services**

Tommy G. Thompson, Governor  
Joe Leean, Secretary

November 18, 1996

The Honorable Brian B. Burke  
Senate Chair, Joint Committee on Finance  
100 N. Hamilton Street, Room 302  
Madison, WI 53702

The Honorable Ben Brancel  
Assembly Chair, Joint Committee on Finance  
119 Martin Luther King, Jr. Blvd., Suite LL2  
Madison, WI 53702

Dear Senator Burke and Representative Brancel:

The Department of Health and Family Services is submitting its plan for use of \$1,987,400 GPR in FY 97 in the Joint Committee's appropriation under s. 20.865(4)(a) that was appropriated to develop an automated information system to assist DHFS in managing the child protective services system in Milwaukee County. These GPR funds will be matched with \$1,987,400 FED which has already been appropriated to DHFS. The balance of \$1,498,000 GPR in the Joint Finance Committee earmarked for the Milwaukee Child Protective Services information system is not being requested at this time.

Background

The 1995-97 biennial budget directed the Department of Health and Family Services (DHFS) to develop a plan to transfer the duty and authority to provide child welfare services in Milwaukee County from Milwaukee County to the Department of Health and Family Services. This provision was in response to a lawsuit filed by the American Civil Liberties Union (ACLU) against Milwaukee County and the State of Wisconsin regarding the Milwaukee child welfare system. The ACLU suit contends that the county has failed to provide required services and that the state has failed to provide adequate funding and failed to ensure that the County is in compliance with state and federal law.

In May of 1996, the Legislature passed legislation—Act 303—that provided resources to the Department of Health and Family Services for planning the transfer of duty and authority to provide child welfare services in Milwaukee County from Milwaukee County to the DHFS. Specifically, Act 303 appropriated \$13,792,600 AF for planning purposes of which \$3,485,400 GPR was appropriated to the Joint Finance Committee for development of an automated information system Wisconsin Child Protective Services System (WCPSS). Section 9127(b) of 1995 Act 303 instructed the Department to submit to the Joint Finance Committee a plan for use of the information system funds. The plan is subject to the 14-day "passive" review process of the JFC.

## Milwaukee County Information System

Due to the magnitude and complexity of the Milwaukee child protective services program, an automated case management system is critical to the effective management of the program. Milwaukee County currently performs many procedures without the aid of automation. The County does have an automated payment system and does use the automated Human Resources Reporting System (HSRS). However, HSRS is designed to be an information reporting system and is not a case management system. HSRS data is not sufficiently detailed for case management purposes and HSRS does not have the capacity of performing many management functions, such as generating necessary legal documentation. DHFS is providing other counties the option of implementing the information system developed for Milwaukee, the Wisconsin Child Protective Services System (WCPSS) system. Several counties are participating in the design for the system and have already indicated their intent to implement WCPSS.

### *Design of the System*

The WCPSS design calls for automation of all stages of the child protective services system. WCPSS will permit on-line tracking of all cases. The automated system will generate routine documents such as court filings, generate task and scheduling notices for caseworkers, produce reports, interface with other information systems such as CARES and KIDS, and manage fiscal processes. Automation will reduce the amount of time caseworkers spend on paper work, freeing them to spend more time with clients. Automation will increase conformity to work standards. Automation will also enable supervisors to monitor case worker performance more closely. Further, the reporting functions will improve data quality and usefulness for planning and evaluation. The interface capabilities will speed eligibility determination and increase the quality of case information.

### *Timeline*

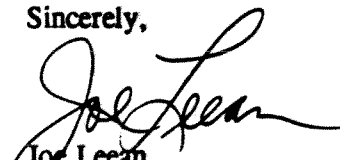
In August, 1996, the Department issued a Request for Proposal (RFP) for the WCPSS System. Following evaluation of the responses, DHFS issued a letter of intent on November 15 to award the contract to Brainstorm. The Department plans to negotiate contractual terms with the vendor in November-December and anticipates signing a contract in December 1996 or January 1997. WCPSS pilot testing is scheduled for the fall of 1997 and the system will be operational January, 1998.

### Plan

As required in Act 303, attached is the Department's plan for the use of the WCPSS funds. The plan includes a narrative description and the projected budget. The plan is based on the proposal submitted by the selected vendor, Brainstorm.

Please contact me if you have questions concerning the plan.

Sincerely,



Joe Leean  
Secretary

## BUDGET ELEMENTS

### I. STAFF NEEDS

#### *BIS Development Staff*

Six Bureau of Information Systems (BIS) staff are needed to work on the development of WCPSS. The responsibilities of the BIS development staff include negotiating the contractual terms with the selected vendor, coordinating interactions between the vendor and Department staff, and overseeing vendor progress. Per Department policy, BIS development staff bill the program division on an hourly basis.

#### *Travel*

Travel costs includes: travel by BIS development staff to Milwaukee and the other state regional and district offices to coordinate implementation of the WCPSS; travel by several BIS staff to the biannual American Public Welfare Association conferences to keep informed about developments at the federal level and in other states on this issue; travel by county social workers to Madison to participate in various stages of the WCPSS development, including the forms workshop, confirm analysis, design evolution, and acceptance testing; and travel by state special needs adoption social workers to Madison or Milwaukee for automation system training.

#### *Project Staff*

Two social services program staff will work full-time with the vendor throughout the development phases of the automated system. They will advise the vendor on child protective service standards and procedures and will assist the vendor in designing the system in a way that meets users' needs. One staff member will work on the intake, assessment and ongoing case management stages. The other will work on foster care and adoptions issues.

#### *BIS Production and Infrastructure Support Staff*

Six BIS staff will take over responsibility for system support when the vendor warranty ends in July, 1999. One and one-half of the staff bill the program division on an hourly basis. The cost of the other 4.5 staff is included in the per device infrastructure support charge that is assessed on users by BIS.

#### *External Contract Staff*

The Department will contract for four information technology functions:

1. During the development phases of WCPSS the Department will contract for quality control monitors to work with the vendor chosen to build WCPSS.
2. The Department will contract with a Certified Public Accounting firm to work with the vendor on development of the accounting and fiscal functions in WCPSS.
3. At the end of the vendor warranty period in July, 1999, the Department will contract for help desk personnel located in Milwaukee.
4. The Department will contract for software maintenance.

The cost of these external contracts is projected based on the numbers of contracted hours needed and the hourly rate for contractors.

## II. VENDOR CONTRACT

### Deliverables

#### *Project Initiation and Site Set-Up*

In this stage, the vendor will transfer an automated child welfare system from another state, establish a work-site and vendor staff in Madison, and establish procedures for reviewing and resolving changes in the project.

#### *Confirm Analysis Requirements*

Costs involve customising the transferred child welfare automation system to conform to the Department's requirements. This phase includes workshops with social work staff to develop a complete list of the business requirements necessary to build WCPSS. The vendor will produce an updated work plan, including identification of all the function points, tables, and fields necessary to build a system in compliance with the Department's requirements.

#### *Design Evolution*

At this stage the vendor will complete the database design, technical design, security system design, and specification of system user screens. Also the vendor will develop plans for system testing, data access, and installation.

#### *Construction*

In this phase the vendor will write and modify programs to meet the system business requirements, generate initial physical databases and demonstrate system components and functionality for the Department. The vendor will run benchmark tests of network response times and capacity, and recommend changes in software and hardware configurations based on test results. The vendor will also produce a draft training plan, a customer manual, and an operations manual.

#### *Training*

At this stage the vendor will produce a final training plan and materials, set-up training facility sites, produce a final customer manual, and initiate training sessions.

#### *Acceptance Test*

Vendor costs include the installation of the hardware and software necessary to perform acceptance testing. At this stage, the vendor will also implement and test batch processing capabilities.

#### *Conversion*

At this stage the vendor will develop software that converts existing Milwaukee County child welfare data and State special needs adoption data to the new system. A significant portion of the conversion stage will consist of manual data entry.

### ***Pilot***

The vendor will develop and execute a pilot of the system. The vendor will install the remaining hardware and software necessary to pilot the system, provide vendor staff to assist state staff throughout the pilot phase, and develop help desk procedures. The vendor will also run final benchmark tests to measure the system performance and recommend modifications to the system based on test results.

### ***Full Implementation***

At this stage the vendor will implement final system modifications, deliver a final operational system that meets all Department requirements and standards, deliver batch processing documentation, and deliver a plan for transfer of system operations and maintenance responsibility to the Department.

### ***Warranty***

This stage includes the cost of warranting the system for one year starting with the date of completion and system turnover.

### **Equipment and Site Costs**

#### ***Facility Cost***

The Vendor will pay the cost of maintaining a site in Madison through the close of the warranty period in July, 1999. Costs include ongoing costs such as rent and utilities.

#### ***Development Environment***

The vendor will purchase hardware, software, and telecommunications equipment for use during the development phases. This equipment will be used both by vendor staff, as well as Department staff and county social workers involved in design workshops and acceptance testing. The equipment will be turned over to the Department at the end of the warranty period in July, 1999.

## **III. EQUIPMENT AND EQUIPMENT SUPPORT**

### ***Hardware Purchase***

The Department will purchase the workstations and printers needed for both state and contract Milwaukee Child Protective Services staff. The Department will also purchase equipment for State Special Needs Adoption staff who will be utilizing the WCPSS system and who require new equipment in order to run the WCPSS system. Almost 750 people in the Milwaukee Child Welfare System and the State Special Needs Adoption System will be provided access to and utilize WCPSS. The Department will purchase 702 new workstations, and 39 printers.

### ***Video Teleconferencing***

The Department will install video teleconferencing equipment at the Milwaukee child protective services sites. This equipment will provide the Milwaukee sites the capability to communicate with each other and the court system in Milwaukee via videoconferencing. The Milwaukee Children's Court has begun conducting hearings via teleconferencing,

thereby permitting caseworkers to stay at their home-sites. This increases staff efficiency by reducing travel time and costs and waiting time in the courtroom. The teleconferencing capability will also be used to conduct joint training sessions for staff at all sites, thereby eliminating staff travel time.

*BIS Infrastructure Support*

BIS will provide support for all of the WCPSS computer workstations and printers once the vendor warranty terminates in July, 1999. As with all units in the Department, BIS charges the users for these support services through a charge on each computer device.

#### **IV. OTHER COSTS**

*State Foster Care and Adoption Payment System*

The Department currently uses a state-wide Foster Care and Adoption Payment information System to support special needs adoption payments. Because WCPSS is a more effective system with greater capability, WCPSS will either replace or link with the current adoption payment system by July, 1998. The Department will continue to pay for operations and maintenance of the current Foster Care and Adoption Payment System until WCPSS is fully implemented.

*Milwaukee Payment System*

Milwaukee County currently operates its own child protective services payment system. The Milwaukee County system needs to remain operational until all case information is converted to WCPSS and full implementation is achieved in July 1998. The Department will pay the operational costs in the first six months of calendar year 1998 after the State takes responsibility for the Milwaukee child welfare system.

# JFC Summary

|   | FY 1997      | FY 1998      | FY 1999      | Total Cost<br>Over 1st 3 Years |
|---|--------------|--------------|--------------|--------------------------------|
| <b>STAFF</b>  |              |              |              |                                |
| BIS Development Staff Billing   | \$ 449,190   | \$ 539,280   | \$ 456,890   | \$ 545,821                     |
| Travel  | \$ 28,981    | \$ 40,055    | \$ 3,051     | \$ 72,087                      |
| Project Staff   | \$ 67,650    | \$ 124,900   | \$ -         |                                |
| BIS Production Support Staff Billing                                  | \$ -         | \$ 95,498    | \$ 129,577   | \$ 225,075                     |
| External Contract Staff   | \$ 163,000   | \$ 910,000   | \$ 994,000   | \$ 2,067,000                   |
|   | \$ 708,821   | \$ 1,709,733 | \$ 1,583,518 | \$ 2,909,983                   |
| <b>VENDOR CONTRACT</b>  |              |              |              |                                |
| <u>Deliverables:</u>  |              |              |              |                                |
| Project Initiation and Site Set-Up                                    | \$ 184,705   | \$ -         | \$ -         | \$ 184,705                     |
| Confirm Analysis Requirements   | \$ 181,560   | \$ -         | \$ -         | \$ 181,560                     |
| Design Evolution  | \$ 478,560   | \$ -         | \$ -         | \$ 478,560                     |
| Construction  | \$ 516,302   | \$ 556,178   | \$ -         | \$ 1,072,480                   |
| Training  | \$ 604,837   | \$ 934,743   | \$ -         | \$ 1,539,580                   |
| Acceptance Test   | \$ -         | \$ 142,920   | \$ -         | \$ 142,920                     |
| Conversion  | \$ 58,613    | \$ 1,712,107 |              | \$ 1,770,720                   |
| Pilot   | \$ -         | \$ 200,800   | \$ -         | \$ 200,800                     |
| Full Implementation   | \$ -         | \$ 438,720   |              | \$ 438,720                     |
| Warranty  | \$ -         | \$ -         | \$ 418,520   | \$ 418,520                     |
| <u>Equipment and Site Costs:</u>                                      |              |              |              |                                |
| Facility Costs  | \$ 128,510   | \$ 78,780    | \$ 39,390    | \$ 246,680                     |
| Development Environment   | \$ 151,605   | \$ 15,000    | \$ 13,000    | \$ 179,605                     |
|   | \$ 2,304,692 | \$ 4,079,248 | \$ 470,910   | \$ 6,854,850                   |
| <b>EQUIPMENT &amp; EQUIPMENT SUPPORT</b>                              |              |              |              |                                |
| Hardware Purchase   | \$ 205,046   | \$ 995,288   | \$ 995,288   | \$ 2,195,622                   |
| Video Teleconferencing  | \$ 183,600   | \$ 189,900   | \$ 10,800    | \$ 384,300                     |
| BIS Infrastructure Support  | \$ 70,822    | \$ 1,469,907 | \$ 2,100,852 | \$ 3,641,581                   |
|   | \$ 459,468   | \$ 2,655,095 | \$ 3,106,940 | \$ 6,221,503                   |
| <b>OTHER COSTS</b>  |              |              |              |                                |
| <u>Maintenance of State Foster Care &amp; Adoption Payment System</u> |              |              |              |                                |
|   | \$ 501,741   | \$ -         | \$ -         | \$ 501,741                     |
| <u>Maintenance of Milwaukee Payment System from Jan.-June, 1998</u>   |              |              |              |                                |
|   | \$ -         | \$ 450,000   | \$ -         | \$ 450,000                     |
|   | \$ 501,741   | \$ 450,000   | \$ -         | \$ 951,741                     |
| <b>GRAND TOTAL</b>  |              |              |              |                                |
|   | \$ 3,974,722 | \$ 8,894,076 | \$ 5,161,368 | \$ 16,938,077                  |
| GPR   | \$ 1,987,361 | \$ 4,447,038 | \$ 2,580,684 | \$ 8,469,039                   |
| FED   | \$ 1,987,361 | \$ 4,447,038 | \$ 2,580,684 | \$ 8,469,039                   |

Staff

| WCPSS STAFF NEEDS   |                |            |            |            |                |                 |                |              |              |
|---|----------------|------------|------------|------------|----------------|-----------------|----------------|--------------|--------------|
| Assumptions:  |                |            |            |            |                |                 |                |              |              |
| BIS professional staff bill for 1498 hours a year at \$58/hr. in FY 1997, \$60/hr. in FY 1998, and \$61/hr. in FY 1999  |                |            |            |            |                |                 |                |              |              |
| BIS para-professional staff bill for 1498 hours a year at \$48/hr. in FY 1997, \$50/hr. in FY 1998, and \$51/hr. in FY 1999                                       |                |            |            |            |                |                 |                |              |              |
| External contract staff bill for 2000 hours a year at \$68/hr. in FY 1997, \$70/hr. in FY 1998, and \$71/hr. in FY 1999   |                |            |            |            |                |                 |                |              |              |
| BIS STAFF   |                |            |            |            |                |                 |                |              |              |
| BIS Development Staff:  | Classification | FTE        | FY 97 Bill | FY 98 Bill | FY 99 Bill     | Job Start Date  | Job End Date   | FY 1997      | FY 1998      |
| MIS Technical Manager   | MIS Sup 6      | 1          | \$ 86,884  | \$ 89,880  | \$ 91,378      | July, 1996      | June, 1999     | \$ 86,884    | \$ 89,880    |
| MIS Analysts/Designers  | MIS 6          | 1          | \$ 86,884  | \$ 89,880  | \$ 91,378      | January, 1997   | July, 1998     | \$ 43,442    | \$ 89,880    |
| MIS Analysts/Designers  | MIS 6          | 1          | \$ 86,884  | \$ 89,880  | \$ 91,378      | July, 1996      | June, 1999     | \$ 86,884    | \$ 89,880    |
| MIS Developer   | MIS 5          | 1          | \$ 86,884  | \$ 89,880  | \$ 91,378      | July, 1996      | June, 1999     | \$ 86,884    | \$ 89,880    |
| MIS Developer   | MIS 4          | 1          | \$ 86,884  | \$ 89,880  | \$ 91,378      | November, 1996  | June, 1999     | \$ 59,212    | \$ 89,880    |
| MIS Contract Manager  | MIS 6          | 1          | \$ 86,884  | \$ 89,880  | \$ 91,378      | July, 1996      | June, 1999     | \$ 86,884    | \$ 89,880    |
|   |                |            |            |            |                | Subtotal        |                | \$ 449,190   | \$ 539,280   |
|   |                |            |            |            |                |                 |                |              | \$ 458,880   |
| Project Staff   |                |            |            |            |                |                 |                |              |              |
| CPSS Program Analyst  | Classification | FTE        | Salary     | Fringe     | Supp. & Svcs.  | Start-up Cost   | Job Start Date | Job End Date | FY 1998      |
| FC & Adoption Analyst   | MCPSM          | 1          | \$ 44,056  | \$ 15,784  | \$ 2,600       | \$ 4,900        | January, 1997  | June, 1998   | \$ 33,825    |
|   | MCPSM          | 1          | \$ 44,056  | \$ 15,784  | \$ 2,600       | \$ 4,900        | January, 1997  | June, 1998   | \$ 33,825    |
|   |                |            |            |            |                |                 | Subtotal       | \$ 67,650    | \$ 124,900   |
| New BIS Production Support Staff:   |                |            |            |            |                |                 |                |              |              |
| Cost of New BIS Production Support Staff will be paid under WCPSS as an hourly charge for the System Director (1 FTE) and the Production Support (0.5 FTE) staff. |                |            |            |            |                |                 |                |              |              |
| Charges:  | FTE            | FY 97 Bill | FY 98 Bill | FY 99 Bill | Job Start Date | Job End Date    | FY 1997        | FY 1998      | FY 1999      |
| System Director   | 1              | \$ 86,884  | \$ 89,880  | \$ 91,378  | October, 1997  | Ongoing         |                | \$ 67,410    | \$ 91,378    |
| Production Support  | 0.5            | \$ 35,952  | \$ 37,450  | \$ 38,189  | October, 1997  | Ongoing         |                | \$ 28,086    | \$ 36,199    |
|   |                |            |            |            | Subtotal       |                 |                | \$ 95,496    | \$ 129,577   |
| The cost of the remaining 4.5 production support FTE is imbedded in the per device infrastructure support charge.   |                |            |            |            |                |                 |                |              |              |
| Network Management  | Classification | FTE        |            |            |                |                 |                |              |              |
| Platform Support  | MIS 5          | 2          |            |            |                |                 |                |              |              |
| Telecom. Support  | MIS 5          | 2          |            |            |                |                 |                |              |              |
|   | MIS 4          | 0.5        |            |            |                |                 |                |              |              |
| CONTRACT STAFF  |                |            |            |            |                |                 |                |              |              |
| Quality Control   | FTE            | FY 97 Bill | FY 98 Bill | FY 99 Bill | Job Start Date | Job End Date    | FY 1997        | FY 1998      | FY 1999      |
| Help Desk   | 2              | \$ 272,000 | \$ 280,000 | \$ 284,000 | January, 1997  | June, 1998      | \$ 136,000     | \$ 280,000   | \$ -         |
| Software Maintenance  | 6              | \$ 816,000 | \$ 840,000 | \$ 852,000 | October, 1997  | Ongoing         |                | \$ 630,000   | \$ 852,000   |
| CPA   | 4              | \$ 544,000 | \$ 560,000 | \$ 568,000 | April, 1999    | Ongoing         |                | \$ -         | \$ 142,000   |
|   |                | \$ 27,000  |            |            | April, 1997    | September, 1997 | \$ 27,000      | \$ -         | \$ -         |
|   |                |            |            |            | Subtotal       |                 | \$ 163,000     | \$ 910,000   | \$ 984,000   |
|   |                |            |            |            | Grand Total    |                 | \$ 679,840     | \$ 1,669,678 | \$ 1,580,467 |

**Equipment**

| <b>EQUIPMENT COSTS</b>   |                   |                     |                    |
|--|-------------------|---------------------|--------------------|
| <b>Application Environment</b>   |                   |                     |                    |
| The application environment covers the cost of purchasing and supporting computers, printers, and telecommunications equipment for all of the Milwaukee staff (including contract staff) as well as state staff supporting the Milwaukee Child Welfare Bureau, and State Special Needs Adoption Staff. |                   |                     |                    |
| The Department will purchase equipment and services directly.  |                   |                     |                    |
| <b>Assumptions:</b>  |                   |                     |                    |
| Number of New Work Stations purchased in FY 1997   |                   | 40                  |                    |
| Number of New Printers purchase in FY 1997   |                   | 2                   |                    |
| Cost of Work Stations purchased in FY 1997   |                   | \$ 159,040          |                    |
| Cost of Printers purchased in FY 1997  |                   | \$ 10,000           |                    |
| Laptop and Docking Station purchased in FY 1997  |                   | \$ 4,923            |                    |
| Number of New Work Stations purchased in FY 1998   |                   | 662                 |                    |
| Cost per Work Station  |                   | \$ 3,976            |                    |
| Number of New Printers purchase in FY 1998   |                   | 37                  |                    |
| Cost Per Printer   |                   | \$ 5,000            |                    |
| Number of additional workstations requiring support after 10/97  |                   | 712.5               |                    |
| Number of additional printers requiring support  |                   | 39                  |                    |
| Infrastructure Support/device/mo.  |                   | \$ 214              |                    |
| Telecom. Circuit Cost/unit   |                   | \$ 20               |                    |
| Video Teleconferencing Equipment   |                   | \$ 60,000           |                    |
| VT Installation  |                   | \$ 1,200            |                    |
| VT monthly line cost   |                   | \$ 150              |                    |
| <b>Hardware:</b>   |                   |                     |                    |
| Server Configuration   | \$ -              | \$ 189,000          | \$ -               |
| Workstations   | \$ 163,963        | \$ 2,632,112        | \$ -               |
| Printers   | \$10,000.00       | \$ 185,000          | \$ -               |
| Network Infrastructure (Mil.)  | \$ -              | \$ 417,146          | \$ -               |
| Data Circuits  | \$ -              | \$ 10,500           | \$ -               |
| Network Mngt./Diagnostic Equip.  | \$ -              | \$ 23,000           | \$ -               |
| Initial Wiring for Galena St. Bldg.  | \$ 11,480         |                     |                    |
| Cisco Switches   | \$ 6,623          |                     |                    |
| T1 Circuit Installation  | \$ 1,500          |                     |                    |
|  | \$ 193,566        | \$ 3,456,758        | \$ -               |
| Master Lease Annual Payment  | \$ -              | \$ 995,288          | \$ 995,288         |
|  | \$ 193,566        | \$ 995,288          | \$ 995,288         |
| <b>BIS Infrastructure Support:</b>   |                   |                     |                    |
| Work Station Support   | \$ 61,846         | \$ 1,376,769        | \$1,829,700        |
| Printer Support  | \$ 2,996          | \$ 76,398           | \$ 100,152         |
| Data Connection  | \$ 5,980          | \$ 16,740           | \$ 171,000         |
|  | \$ 70,822         | \$ 1,469,907        | \$2,100,852        |
| <b>Video Teleconferencing:</b>   |                   |                     |                    |
| Equipment & Installation   | \$ 183,600        | \$ 183,600          |                    |
| Support  |                   | \$ 6,300            | \$ 10,800          |
|  | \$ 183,600        | \$ 189,900          | \$ 10,800          |
| <b>TOTAL</b>   | <b>\$ 447,988</b> | <b>\$ 2,655,095</b> | <b>\$3,106,940</b> |



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 16, 1996

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services--Wisconsin Child Protective Services System for  
Management of the Milwaukee County Child Welfare System--Agenda Item VII

The Department of Health and Family Services (DHFS) requests that the Committee transfer \$1,987,400 GPR from the Committee's supplemental appropriation under s. 20.865(4)(a) to the DHFS appropriation under s. 20.435(3)(cw) in 1996-97 for the development and implementation of the Wisconsin child protective services system (WCPSS). WCPSS is an automated information system to manage the child protective services system in Milwaukee County.

### BACKGROUND

Provisions of 1995 Wisconsin Act 27 required DHFS to submit, to the Governor and the Legislature, by April 1, 1996, a proposal to transfer the authority and duty to provide child welfare services in Milwaukee County from that county to DHFS, beginning January 1, 1998. In response to this directive, DHFS drafted a proposal that was introduced as Senate Bill 615 and enacted as 1995 Wisconsin Act 303.

Act 303 provides the initial funding, position authority and statutory framework for implementing this transfer of responsibility from the county to DHFS. For example, Act 303 included the establishment of a nineteen-member Milwaukee Child Welfare Partnership Council to provide direction, suggest policies, address issues and provide technical assistance in the development of a neighborhood-based system with five service delivery sites.

As part of this legislation, DHFS was instructed to prepare a plan for the development of an automated information system to assist DHFS in managing the child welfare system in

Milwaukee County. The Act provided \$3,485,000 GPR in 1996-97 to the Committee's appropriation for the development and implementation of the system. The Act required DHFS to submit the plan to the Committee for approval under a fourteen-day passive review process. Upon approval, funding would be transferred from the Committee's appropriation to the appropriation for child welfare services in Milwaukee County.

On November 27, 1996, DHFS submitted its plan requesting the transfer of \$1,987,400 GPR. The Department's request for GPR funds will be matched by federal funds already appropriated to DHFS. The total funding that would be provided under the DHFS request in 1996-97 would be \$3,974,800 (\$1,987,400 GPR and \$1,987,400 FED).

The Committee should note that the amount of GPR funding requested by DHFS is less than the \$3,485,400 GPR appropriated to the Committee for this purpose under Act 303. The Department indicates that it does not intend to request the balance of \$1,498,000 earmarked for this purpose. Further, the DHFS request is to support costs that will be incurred in 1996-97 only; any funding approved by the Committee at this time will not be included in the Department's 1997-99 base budget. Costs that are expected to be incurred in the 1997-99 biennium, while included in the DHFS plan and discussed in this memorandum, are not part of the request before the Committee at this time. Funding for these costs are expected to be addressed in the Governor's 1997-99 budget recommendations.

## **PLAN SUMMARY**

The WCPSS design calls for automation of all stages of the child protective services system. WCPSS will permit on-line tracking of all cases, generate routine documents, generate task and scheduling notices, produce reports, interface with other information systems such as CARES and KIDS, and manage fiscal processes. DHFS will contract with a vendor for the development and implementation of the system. Equipment and ongoing support for the system's users will be provided by DHFS. The following table summarizes the projected costs for the components of the DHFS plan.

**Wisconsin Child Protective Services System  
Summary of Projected Costs for Development  
and Implementation (All Funds)**

| <u>Description</u>              | DHFS<br>Request<br><u>1996-97</u> | <u>1997-98*</u> | <u>1998-99*</u> |
|---------------------------------|-----------------------------------|-----------------|-----------------|
| Staff                           | \$708,800                         | \$1,709,700     | \$1,583,500     |
| Vendor Contract                 | 2,304,700                         | 4,079,200       | 470,900         |
| Equipment and Equipment Support | 459,500                           | 2,655,100       | 3,106,900       |
| Costs to Maintain Other Systems | <u>501,700</u>                    | <u>450,000</u>  | <u>0</u>        |
| Grand Total                     | \$3,974,700                       | \$8,894,000     | \$5,161,300     |
| GPR Share                       | \$1,987,400                       | \$4,447,000     | \$2,580,700     |
| FED Share                       | \$1,987,400                       | \$4,447,000     | \$2,580,700     |

\*Costs to be addressed in 1997-99 state budget.

A description of the components of the DHFS request is provided for the Committee's review.

**Staff.** The DHFS plan includes funding to support: (a) 6.0 management information specialist positions in the Bureau of Information System (BIS) that would negotiate contractual terms with the selected vendor, coordinate interactions between the vendor and DHFS staff and oversee vendor progress; (b) 2.0 positions to consult with the vendor during the development process to ensure that the system is designed in a way that meets users' needs; (c) 6.0 BIS production and infrastructure support staff, beginning in 1997-98, which would take over responsibility for system support when the vendor warranty ends in June 1999; (d) external contract staff to provide quality control monitoring, accounting and fiscal functions, help desk personnel, and software maintenance; and (e) travel by state and county staff to participate in the development of the system, and attend training and conferences to keep informed of child welfare issues.

**Vendor Contract Costs.** The Department's plan includes funding for services that would be provided by a vendor for development and implementation of WCPSS. While contract negotiations are in progress, the funding represents the costs identified by the vendor in its response to the Department's request for proposal (RFP).

Costs included in the vendor's response include: (a) project initiation and set up of a site in Madison; (b) customization of an automated system to conform to the requirements of DHFS; (c) design of a database, security system and user screens; (d) construction of the software required to meet the system requirements; (e) development of a training plan for system users and training of BIS staff; (f) initial testing of the system; (g) conversion of current Milwaukee County and state data to the new system; (h) development and execution of pilot of the system; (i) full implementation including a plan for transfer of the system to state staff; (j) a warranty through June 30, 1999; (k) equipment and facility costs so that the vendor's staff can operate in Madison.

**Equipment and Equipment Support.** The DHFS plan includes funding for the purchase of: (a) 702 workstations; (b) 39 printers; (c) network infrastructure equipment; (d) six video teleconferencing sites; and (e) BIS infrastructure support of the system. Workstations and printers would be provided to state and contract staff operating Milwaukee County child protective services, and state staff administering the state's foster care and adoption services program. The video teleconferencing sites would be located at the five Milwaukee neighborhood sites and would be used for meetings between Milwaukee and Madison staff and for appearance at court proceedings where video teleconferencing is utilized. The BIS infrastructure support would be provided by BIS staff upon termination of the vendor's warranty in June 1999.

**Costs to Maintain Additional Systems.** The DHFS proposal would provide funding in 1996-97 for maintenance and enhancement of the current state adoption assistance and foster care payment system (AAFCPS) until WCPSS is fully implemented. Upon implementation, WCPSS would either replace or be linked to the current system.

In addition, the DHFS plan includes funding in 1997-98 for maintenance of the current Milwaukee County payment system from January 1, 1998, through June 30, 1998, while WCPSS is being implemented. Once all case information is converted to WCPSS and full implementation is achieved, the Milwaukee County payment system will be eliminated.

## ANALYSIS

The Committee may wish to consider several modifications to the Department's plan, based on: (a) reestimates of costs of several components of the plan; (b) the availability of funding provided in 1995 Wisconsin Act 27 to support maintenance of the AAFCPS system; and (c) technical corrections necessary to meet the Department's intent.

**Reestimate of Hardware Costs.** The Department's plan includes funding budgeted for hardware purchases that is based on an estimated cost of \$3,976 per workstation and \$5,000 per printer. Since the time the request was submitted to the Committee, DHFS has reestimated these costs to be \$3,003 per workstation and \$3,095 per printer. In addition, the DHFS reestimate includes a \$40 per device installation cost, resulting in increased costs of \$1,700 in 1996-97 and \$28,000 in 1997-98. Based on these reestimates, the DHFS request for funding for the purchase

of this hardware could be reduced by \$41,000 in 1996-97. The estimated costs of equipment purchases in 1997-98 would be reduced by \$686,700.

Alternatively, the Committee could fund these equipment purchases at the standard funding levels established by the Department of Administration for 1996-97. These standard funding levels, \$3,000 per workstation and \$3,000 per printer, were updated in February 1996, to provide a level of funding appropriate for state agencies' procurement of information technology. DOA has indicated that it recommends that funding levels for the DHFS request be budgeted at DOA statewide standards. No additional funding would be provided for installation of the equipment. If the Committee chooses to fund this equipment based on the DOA standards, funding for these items could be reduced by \$43,000 in 1996-97. The estimated costs of equipment purchases in 1997-98 would be reduced by \$720,100.

**Video Teleconferencing.** Video teleconferencing capability would allow DHFS staff and the WCPSS vendor to conduct meetings and provide training during the development and implementation of WCPSS. After DHFS takes responsibility for operation of the Milwaukee County child protective services on January 1, 1998, DHFS case workers, supervisors and other staff would use the video teleconferencing units to conduct meetings and appear for court proceedings when those proceedings are available via teleconferencing. Such uses, the Department argues, would reduce the amount of time caseworkers wait at court until their case comes up before the judge.

The request includes funding for the installation of three of the six video teleconferencing sites in 1996-97 and three remaining sites in 1997-98 at a cost of \$61,200 per site for equipment and installation. Since the time the Department submitted its plan to the Committee, DHFS has reestimated the costs of purchasing and installing the teleconferencing sites to be \$55,729 per site. However, in its original request, the Department estimated that 50% of the cost of the video teleconferencing units would be funded through GPR, the remainder through federal Title IV-E (foster care and adoption assistance) funds. It is now estimated that 70%, rather than 50% of the costs of the video teleconferencing units would need to be supported with GPR because these costs are administrative costs rather than systems enhancements. In addition, the Department has indicated, since the submission of its original request, that only one video conferencing site will be installed in 1996-97. Due to remodeling, the two sites, which originally were planned for installation in 1996-97, will be deferred to 1997-98.

By reestimating the total costs of the video teleconferencing sites and the federal/state cost-share and the reduced number of sites being requested in 1996-97, the current cost estimate for purchasing and installing one of the six video teleconferencing sites in 1996-97 is \$55,700 (\$39,000 GPR and \$16,700 FED). This represents a reduction of \$52,800 GPR in 1996-97 from the DHFS request.

The plan submitted by DHFS, includes the installation of six video teleconferencing sites located in Milwaukee during 1996-97 and 1997-98. The six sites will be located in five office locations; one administrative office and four neighborhood offices, one which will serve to

neighborhood service delivery sites. The plan calls for installation of two video teleconferencing sites at one office location in order to accommodate the number of staff located there.

Because video teleconferencing sites are already available at the state office building in Milwaukee and five of the six sites will not be purchased or installed until 1997-98, the Committee could defer the purchase and installation of the video teleconferencing sites and consider the need for these sites as part of the 1997-99 budget deliberations.

**Enhancements to AAFCCPS.** The DHFS request includes \$501,700 for maintenance and enhancements to the adoption assistance and foster care payment system (AAFCCPS). AAFCCPS is an automated payment system for those individuals which receive either adoption assistance payments or foster care payments for children for whom the state is guardian. Funding is requested for costs already incurred (\$88,100 through November 15, 1996) in 1996-97 and costs DHFS expects to incur in the remainder of 1996-97. WCPSS will eventually be linked to or replace AAFCCPS once WCPSS is fully operational. In the interim, DHFS argues that the requested funding amount is necessary to maintain the system until WCPSS is fully implemented.

The current payment system was recently rewritten from an outdated language that could no longer be supported by DHFS or DOA staff. During the first eight months of 1996, while the new system was tested, the old and new systems were operating simultaneously. As of September, 1996, the Department ceased operation of the old system.

The new AAFCCPS cannot perform certain adjustments, such as the correction of errors, credits, offsets from other sources of funding, and retroactive payments. These functions are currently being performed manually. DHFS staff are concerned that the recordkeeping for such adjustments is not adequate. It is also argued that the manual performance of these functions increases the risk of error and does not provide the proper recordkeeping for audit purposes.

Two components of the request to provide funding for the maintenance of AAFCCPS would allow the Department to: (a) record negative payment days; and (b) search for information pertaining to transactions by reconciling client identification numbers. DHFS staff have indicated that these items may not be pertinent to the immediate needs of the system. If the Committee wishes to fund maintenance of AAFCCPS, it could reduce the level of funding to exclude funding for the development of negative payment days tracking, (\$22,100) and merging of client identification numbers (\$15,000).

1995 Wisconsin Act 27 (the 1995-97 biennial budget act) provided DHFS \$93,700 GPR in 1996-97 to support enhancements to AAFCCPS. These enhancements were expected to correct errors in the system, provide users with more complete information, and automate eligibility tracking for foster care payments.

The funding provided in Act 27 for this purpose, including an equal amount of federal matching funds, is currently available in the DHFS base budget to support the types of enhancements DHFS requests for the AAFCCPS system. Consequently, the Committee could

reduce the DHFS request by \$187,400 to reflect the availability of these funds in the DHFS base budget.

Alternatively, the Committee could delete all funding that would be provided for maintenance and enhancements to the AAFCPS system under the DHFS request (-\$501,700). Under this alternative, DHFS would be able to use funding provided in Act 27 (\$187,400) to support enhancements to AAFCPS in 1996-97.

Finally, the Committee could delete all funding that would be provided for maintenance and enhancements to AAFCPS under the DHFS request (-\$501,700) and reduce funding in DHFS's current budget by \$99,300 to reflect funding provided in Act 27 for the development of enhancements to AAFCPS (-\$187,400) less funding for costs already incurred in 1996-97 (\$88,100).

**Technical Correction.** The Department's request includes a technical error in the amount of funding that would be provided for the initial wiring for one of the five neighborhood sites. Funding for this purpose (\$11,500) was counted twice. Consequently, the DHFS request should be reduced by \$11,500.

The Department's request for the transfer of funds from the Committee's appropriation only represents the GPR share of the 1996-97 costs for the plan. The federal share of the costs are already budgeted in DHFS. Consequently, the alternatives presented for consideration by the Committee identify the GPR changes to the Department's request.

## ALTERNATIVES

1. Approve the DHFS request to transfer \$1,987,400 GPR in 1996-97 on a one-time basis from the Committee's appropriation under s. 20.865(4)(a) the Milwaukee child welfare services appropriation under s. 204.435(3)(cw).

2. Reduce the DHFS request by \$5,800 GPR in 1996-97 to correct an error in the amount requested resulting from double counting costs for initial wiring for one of the five neighborhood sites.

3. Adopt Alternative 2. In addition, modify the DHFS request by adopting one of the items in each set of Alternatives.

### A. Hardware

1. Adopt the Department's initial request for funding of \$229,800 GPR.

2. Reduce funding by \$20,500 GPR in 1996-97 to reflect DHFS reestimates of the costs of workstations and printers.

### 3 A. Hardware

- (3) Reduce funding by \$21,500 GPR in 1996-97 to reflect DOA standards for budgeting for workstations and printers.

#### B. Video Teleconferencing

1. Adopt the Department's initial request for funding of \$91,800 GPR.
- (2) Decrease funding requested by DHFS by \$52,800 in 1996-97 to reflect: (a) reestimates of the costs of each site; (b) a federal cost-sharing rate of 30%, rather than 50%, for this component; and (c) reduction in the number of units installed.
3. Reduce funding by \$91,800 GPR in 1996-97 to delete funding for teleconferencing sites.

#### C. Enhancements to AAFCPS

1. Adopt the Department's initial request for funding of \$250,900 GPR.
- (M) Reduce funding by \$93,700 GPR in 1996-97 to reflect the availability of funding provided in Act 27 for maintenance and enhancements to AAFCPS.
- (3) Reduce funding by \$112,200 GPR in 1996-97 to reflect: (a) the availability of funding provided in Act 27 for maintenance and enhancements to AAFCPS (\$93,700 GPR) and the deletion of funds budgeted for the development of negative payments days tracking and merging of client identification numbers (\$18,500 GPR).
4. Reduce funding by \$250,900 GPR in 1996-97 to delete all funding requested for the maintenance and enhancement of AAFCPS.
- (5) Reduce funding by \$250,900 GPR in 1996-97 to delete all funding requested for the maintenance and enhancements of AAFCPS. In addition, reduce DHFS base funding by \$99,300 (\$49,700 GPR and \$49,600 FED) in 1996-97 to provide funding for only those costs already incurred in 1996-97 for enhancements to the AAFCPS.

Prepared by: Rachel Cissne